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The Technical Viewpoint

"ACCUMULATION"

By OWEN K. TAYLOR

Economist-Technical Consultant; Author of "The New Inflation," "The Coming Boom in America's Railroads."

Market analyst argues stock market as represented by most popular industrial averages has turned corner and is on upward trend. Sees a background for stock accumulation in current postion, backed by statistical data and fundamental conditions.

So far as the Basic Main Trend of Stock Prices is concerned, the market as represented by most popular Industrial averages has turned the corner. Stock prices are in an uptrend. They have been in an uptrend since October of 1946, when the Dow Industrial Average established an intraday low of 160.49 and a low close of 163.12. I wrote it then, I repeat it now.

Owen K. Taylor

Not secondary issues, but the investment market as it is measured by the Dow Industrial Averages what we are concerned with. This average composed of a good cross-section of investment leaders is an excellent guide to the investment trend. Its action is more reliable as an indication of what investment capital is doing than that of secondary issues and/or railroads. That is why in most discussions of market movements we usually refer to the Dow Jones Industrial Average.

Stocks of secondary character and of railroads which have dipped to new lows during the

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The Taft-Hartley Act

By THOMAS J. ANDERSON, JR.

Associate Professor of Economics, New York University

Labor authority makes detailed analysis of new law, citing important departures from Wagner Act's provisions. Professor Anderson approves provisions regarding closed and union shop; union responsibility; strikes and boycotts; and for continuing Congressional investigating committee. Doubts adequacy of measures regarding industry-wide and regional bargaining; and work stoppages.

The Labor-Management Relations Act of 1947—made law when the Senate voted, on June 23, to over-ride the President's veto of the Taft-Hartley Bill—effects numerous and basic changes in Federal labor policy. The National Labor Relations Act of 1935 emphasized a policy of union promotion and protection as a means of "evening up" the bargaining power of employers and employees. The Labor-Management Relations Act of 1947, on the other hand, emphasizes union regulation as a means of inducing greater restraint and responsibility on the part of the more numerous and powerful labor organizations of today.

Thos. J. Anderson, Jr.

The Act of 1947 is arranged under five titles. Title I contains numerous amendments to the National Labor Relations Act of 1935. Title II provides a reorganized mechanism for Federal conciliation of labor disputes in industries affecting interstate and foreign commerce, and provides for a special procedure for settlement of labor disputes constituting national emergencies. Title III covers several basic topics: suits by and against labor organizations; restrictions on payments, by employers, to representatives of employees; "boycotts and other unlawful combinations"; restrictions on political contributions of unions; and strikes by Government employees. Title IV provides for the creation of a Joint Committee of the Senate and House to study and report on the basic problems which affect friendly labor relations and productivity. Title V includes provisions defining certain terms used in the statute and others intended to strengthen the constitutional position of the law.[1]

Individual Topics Covered

Individual topics covered by the law are very numerous. The more important of the statute's provisions pertain to union organizing activity, union security (the closed shop, etc.), union reports, the legal status of unions, the relation of unions to politics, union health and welfare funds, and union charges to the membership; to the type of collective bargaining units; to collective bargaining obligations, rights, and practices of employers and employees; to such

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[1] The brief analysis which follows is based upon copies of the new law published by the Commerce Clearing House, Inc. (*New Labor Law: Labor Management Relations Act, 1947*) and The Bureau of National Affairs (*The Labor-Management Relations Act of 1947*), with accompanying explanations and comments.

EDITORIAL

As We See It

Europe and the United States

Some weeks ago the Secretary of State remarked that "before the United States Government can proceed much further in its effort to . . . start the European world on its way to recovery, there must be some agreement among the countries of Europe as to the requirements of the situation and the part those countries themselves will take in order to give proper effect to whatever action might be undertaken by this government."

Reaction both at home and abroad during the approximate month that has elapsed since these words were uttered has been general, continued and varied. In Europe there appears to be, as there has been so often and so unfortunately in recent months, a sharp divergence of view. Britain on one side, Russia on the other, and the other powers lined up or threatening to line up with one or the other—or else remaining aloof to avoid offense to this or to that power.

About equally divergent views as to the real meaning of Secretary Marshall's world appear to have developed. The British—through their Foreign Secretary—profess to

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PICTURES taken at the Silver Anniversary Party of the Bond Club of Cleveland; the Annual Summer Outing of the Bond Club of Toledo, and at the Annual Summer Party of the Bond Club of New Jersey, appear in the PICTORIAL SECTION.

The Economic Riddle of the Dollar Shortage

By JAMES D. MOONEY

President and Chairman of the Board, Willys-Overland Motors, Inc.

Pointing our dollar shortage arises mainly from restrictions on multilateral trade and resort to inconvertible currencies throughout world, Mr. Mooney urges an early restoration of free markets and stable political and economic governments as remedy. Advocates capital investments abroad in preference to loans, along with application of American technical "know-how." Stresses need for convertible currencies and free gold and exchange markets.

The dollar shortage comes down to nothing more than a shortage of food and capital in other countries and the capacity of the United States to supply only a portion of these needs. The breakdown of production in other countries seems to be due to war destruction including disorganized governments and distrustful economic conditions as well as a shortage of working capital and raw materials. Many of these shortages result largely from monetary conditions, trade restrictions, and the lack of free markets. For example, hungry Europe is reported to have a surplus of 600,000 tons of fish going to waste while nations needing fish do not have the money to buy. The United States has a surplus of potatoes, onions, citrus fruits, and a rather great variety of the most desirable food products which are not being marketed to foreign countries for the same reason. Also, in many parts of the world there is an abundance of scrap iron but a very great shortage in the United States. There is idle machinery and war equipment capable of being converted to civilian production but not being used because the people who need this equipment do not have acceptable money to buy. This delay in restoring order in production results in part from the delay in restoring order in governments and a neglect to restore the free exchange of currencies and free markets. These shortages would disappear very rapidly if leadership would take the necessary steps in each country to restore political and economic order in which the people have confidence and remove the restrictions on trade.

James D. Mooney

Short Term Needs and the Fallacy of the Bilateral Trade Concept

The dollar shortage is real, but its reality is being greatly accentuated by the neglect to restore stable economic and political conditions and free markets. These conditions did not all arise out of the war. Before the war the regimentation of production and trade had been developed throughout the world, more in some countries than in others. The extremes of these regimentations in trade and markets were in such countries as Germany, Italy, and Japan. The bilateral trade concept has led to the idea that a country must buy as much from another country as it sells to it. This is an erroneous concept which is restricting trade all over the world. Multilateral trade will enable a country to buy wherever it wants to and in whatever quantities it wants to and pay with credits that are convertible into the currencies where the goods are purchased. Ordinarily before the war the United States purchased more from India than India purchased from the United

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Congress and Economic Stability

By DR. CHARLES O. HARDY*

Staff Director, Joint Committee on the Economic Report, U. S. Congress

Dr. Hardy defines status of President's Council of Economic Advisers and his own Joint Committee on the Economic Report. Latter's prescribed threefold performance involves interpretation of President's report to Congress, carrying on of research, and economic advice to Congressional committees. Cites difficulties besetting our central economic planning, and our basic mistakes therein. Points out following possible basic approaches to economic programs: (1) maintenance of profit level high enough to warrant employer-role incentives; (2) compensatory fiscal policy; and (3) the "negative" approach eliminating irrelevant remedies.

The Council of Economic Advisers is an adviser to the President and not to Congress or the Nation. This system has its advantages and its disadvantages. One advantage of the setup is that the staff work of the Council of Economic Advisers heads up into a professional group. It can establish its own program as a scientific program. It can develop that program with about as much independence of political pressure as you are likely to have in a democracy, and make a report to the President which the President can take or leave. The advantages in the stage of the formulation of the program, I think, are very great. The disadvantages are after the program is formulated and transmitted to the President. The Council is not in a position to defend its work before the public or before Congress and the public and Congress are not in a position to know even what its work is.

Charles O. Hardy

When the Secretary of Commerce or the Treasurer has a budget or program, he comes over and appears before a Congressional Committee and thrashes out the merits. Nobody comes over to defend the President's Economic Report and the President's Report in the nature of things cannot be sufficiently argumentative to clear up all questions that may arise as to how certain recommendations got in there and what they have to do with the subject that the report presumably deals with.

Now we come over to our end of the avenue. The Joint Committee on the Economic Report is not a professional body. Its staff carries out a program which necessarily is formulated to a considerable extent by people who have no professional experience in formulating such a program. For the time being, at least, certainly it is controlled by the Congressional tradition, which is that the way to arrive at truth on any subject is through holding hearings or sending out questionnaires. Those are the two methods of research with which a democratic organization seems to be familiar; they are not the methods of research that academic and professional research institutions have found most productive. Probably they are better designed to find out what the country wants than they are to find out what the country ought to want. They are the natural outgrowths of the democratic process, but

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*An address by Dr. Hardy before the 1947 Annual Meeting of Machinery and Allied Products Institute, New York City, June 19, 1947.

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The Problem of Planning

By W. W. TOWNSEND

Townsend-Skinner & Co., New York

Mr. Townsend discusses anatomy and processes of planning, and points out two sets of factors, i.e., internal and external, each planner has to deal with. Attacks economists' method of planning and says we must resign ourselves to an astronomical debt and tremendously expanded money supply. Scores low interest rate policy and concludes pressure of excess purchasing power is bound to put prices up with resulting rise in interest rates.

In order to discuss the problem of planning, constructively, it is necessary first to discuss the anatomy of planning and the reasoning processes by which facts and their implications are analyzed and conclusions are reached regarding future courses of action. The logicians call reasoning from the general to the specific, deductive and reasoning from the specific to the general, inductive—and we all know from previous experience that the attempt to evolve a policy out of the consideration of a series of episodes seldom results in the formulation of a policy, because we never run out of episodes. On the other hand, if we sit down and determine upon a policy on the basis of broad general principles, we are invariably astonished at the number of episodes which provide their own answers when they are referred to the principles used in formulating the policy. Therefore, and as an initial step in this discussion, it can be stated that, for the purposes of planning, the deductive method of reasoning is much more effective because it works best with situations which are dynamic. We all know the old saying that the study of mankind is man himself, and if you are interested in man's anatomy that is perfectly applicable, but if you are interested in man as a living, thinking, moving mechanism you will not get very far in reaching any conclusions as to the things he is likely to do by taking him apart to see how he is put together.

W. W. Townsend

At this point, also, a distinction should be made between brilliance and intuition, and a few kind words should be said regarding the intuitive judgment which results from association and absorption through the pores and is another way of saying, "the feel of the thing in the fingers," something which anyone acquires if he has done anything long enough. Conclusions based on intuition, which itself is based on long experience, often appear to have no rational background and they are viewed with considerable suspicion by businessmen, who like to have a reason for everything they do, but the chances are better than even that nothing more serious has happened when such conclusions are apparently grabbed out of thin air than the bypassing of the logical processes of reasoning by which similar conclusions had been reached many times previously.

Brilliance, on the other hand, is the fruit of surmise and is another name for guess-work. It is the peculiar province of the young and, while much of the world's progress is due to brilliance, most of the world's mistakes have also resulted from actions based on nothing more than guess-work. No one should deprecate brilliance, but because it is guess-work by its very nature it should be endowed or subsidized and actions or policies based on the conclusions of brilliance should be undertaken only with money which can be lost.

The distinction between brilliance and the intuition of experience is easily drawn. If the conclusion can be rationalized backwards into simple major and minor premises it can be used as sound. If not, it should be undertaken, if at all, only in the hope that the guess is a good one, as was Mr. Einstein's guess with respect to the formula which finally produced the atom bomb and in which the guess was that the energy released by the translation of mass into motion should be represented by squaring the velocity of light.

However, we must be on guard with respect to intuitive judgments in two respects. If, for any reason, our emotions have become entangled with them they will throw us for a loss, and until they have been rationalized backwards they simply cannot be justified to anyone else, as, no matter how confident we may be regarding the accuracy of our conclusions, we simply never tell anyone else —and particularly not a committee—that we believe something should be done because "we feel it in our bones." Incidentally, the definition of a committee may be of interest, in passing. It is a group of important people who, individually, can do nothing but, collectively, can meet and decide that nothing can be done. And because that definition seems to interest and amuse you I will give you a couple more. A professor is a man who is quite willing to tell anyone how to cope with the problems of life which he has carefully avoided by becoming a professor—and a statistician is a man whose principal preoccupation is with the business of drawing precise lines between unwarranted assumptions and foregone conclusions.

Two Sets of Factors in Planning

In planning, also, it must be remembered that there are two sets of factors with which each planner has to deal. The first set

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Aldrich Reports on the European Situation

Says effect of Secretary Marshall's Harvard speech was "electrifying" and is believed in some quarters as portending ultimate economic unity in Europe. Tells of plans of International Chamber of Commerce.

Returning from a meeting of the International Chamber of Commerce at Montreux, Switzerland, on June 30, Winthrop W. Aldrich Chairman of the Board of the Chase National Bank, reported that Secretary Marshall's Harvard speech in which he urged European nations to get together and draw up a plan of rehabilitation in order to get financial assistance from the United States, was received with enthusiasm and perhaps was given a broader interpretation than justified. Reporting on the European situation, Mr. Aldrich stated:

W. W. Aldrich

"The sessions of the International Chamber of Commerce at Montreux were naturally very much concerned with the existing economic situation in Europe. Earlier in the year the Chamber had adopted a report made by a representative committee composed of members of its European sections, together with members of the sections of Great Britain and the United States, on the effect upon Europe, as a whole, of policies of the occupational powers in Germany. At Montreux it was decided to continue this committee and to request it to report again in the late fall on the effect of the new policies which are currently being put into effect in Germany, such as the merger of the British and United States Zones under the Byrnes-Bevin Agreement. At the same time, it was decided to revise the Commission of the Chamber on Europe as a whole, which had existed prior to the war. It is significant that this Commission includes representatives of sections of the International Chamber of Commerce from Eastern European countries and from Italy. It is intended, of course, that this Commission immediately institute a study of the needs of Europe for reconstruction and that it will be a continuing Commission which will report to the International Chamber of Commerce, from time to time in the future, and that these reports will be transmitted to the Economic and Social Council of the United Nations for its consideration.

"The meeting at Montreux also followed with the greatest interest the deliberations of the delegates at the meeting at Geneva which has been considering the proposed World Trade Charter. The International Chamber of Commerce adopted the very carefully prepared critique of the Charter and expressed, as it has many times before, its support of the policy of removing as rapidly as possible existing barriers to international trade.

"Immediately after the meeting at Montreux, Secretary Marshall made his speech at Harvard. The effect of this speech in Europe was electrifying. The British and European press received it with enthusiasm and perhaps have given it a broader interpretation than was justified. By some writers it has been considered an invitation on the part of the United States to the nations of Europe, including Great Britain, to develop a plan for the reconstruction of Europe as a whole which, with the necessary financial assistance of the United States, will result in bringing about ultimate economic unity in Europe, which unity (with the African Colonies and dependencies of the European countries), will result in a sufficiently balanced over-all economy so that continued dollar subsidies extended over an indefinite period of time will not be required to support it. By others the speech has been thought to indicate an abandonment of the United States of the most favored nation policy in connection with trade agreements, and of attempts which have been instituted by the United States to bring about the ultimate elimination of discriminations in foreign trade.

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BUSINESS BUZZ

"Could I go for something common? I married my husband, didn't I?"

Letter to the Editor:

Complains Peruvian Bondholders Not Given "Square Deal"

Berkeley Williams says offer to American Bondholders is dishonest and disgraceful. Wants State and Treasury Departments to cease pouring out taxpayers money to nations that do not even say "thank you."

Editor, Commercial & Financial Chronicle:

The current offer of the Republic of Peru to American bondholders, announced last Thursday, is dishonest and disgraceful. The offer is false because it conceals the amount of bonds repatriated; therefore statement of debt outstanding is untrue. It makes a statement about ability to pay which is in direct conflict with published trade balance figures. While Peru's selfishness and lack of gratitude can be overlooked, this bold piece of attempted thievery of American citizens calls for vigorous action by our Government. The holders of $85.7 million Peruvian External bonds stand high up in the list of Forgotten People. Nothing has been paid on the bonds since almost immediately after they were sold by Peru to U. S. citizens in 1927-28, but if anyone wants to get a first class runaround they have only to try to find out why.

Berkeley Williams

One competent authority has reported, "In part, the default on the dollar debt can only be attributed to unwillingness to recognize in full the validity of obligations incurred by a previous administration . . . it being charged that members of the Leguia family had personally profited from the sale of the bonds and from the public works for which they had been issued"; an equally competent authority has reported: "It is my opinion, however, that a very large share of the blame for continued default does not lie with Peru or Peruvians at all, but on our own Government, which has in the past deliberately blocked attempts of private holders to take effective action and has failed to prosecute claims of United States citizens with the diligence which I believe should have been expected." So both countries stand able but unwilling to help the holders of these admittedly perfectly valid obligations and conveniently forget them. It's an old saying that "where there's a will, there's a way."

Maybe the lamented author of "Our Enemy, the State" was a holder of Peruvian bonds.

Some known facts in the case are:

(1) In 1931 and 1932 the U. S. Senate Committee on Finance investigated their sale and in a four-volume report entitled "Sale of

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The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

Upon the outcome of the coal situation rests in great measure the economic well-being of the nation which is endeavoring through continued high production to get back on the road to a more normal economy.

The impact of a general strike in the soft coal mines upon the country's industrial output would indeed be tremendous, since the immediate effects of the miners' vacation period have already caused the steel mills to curtail output to a substantial degree in order to conserve their dwindling coal stocks. In the case of the Carnegie-Illinois Steel Corp., it has announced that it will cut back its operations to approximately 45% of capacity and the Wheeling Steel Co. will effect a reduction of 30%. The immediate effects of such curtailments have already struck a blow at the vital nerve center of industry as a whole.

Should the mine workers and operators fail to reach an accord on a new contract on or before July 8, when the vacation holiday will have come to a close, a strike will ensue and cause grave harm to our economy which at present is beset by many problems in its struggle to get back on an even keel.

A concrete illustration of the effects of such a coal shortage may be had from the picture of the nation's steel industry which for the last twenty-five weeks had operated between 90 and 97% of capacity and has now found it necessary to cut production schedules to an average rate of 72% the present week because of a shutdown in the soft coal fields.

The stoppage of coal mining during the vacation period coupled with the uncertainty that mining will be resumed next week when the vacation holiday ends, were blamed for the loss in steel output by the American Iron and Steel Institute.

The present closing of the mines marks the fourth time in twenty months that steel operations have been affected by shutdowns at the coal mines. The previous shutdown occurred at the close of November and during the first two weeks of December, 1946, when operations were reduced 20 to 30% for three weeks.

The coal situation was further complicated this week with the return by the Government on Monday, last, of the country's 2,600 coal mines to the operators. The properties were seized under the War Labor Disputes Act on May 21, 1946 by the Government and during that period the miners worked without a contract.

With control of the mines relinquished by the Government, its legal authority according to reports, is understood to believe that the expiration of the agreement between the Government and the union today leaves a gap which is impossible to bridge legally since the miners now have no employer.

The problem which now confronts the Government is how to force the miners to return to the pits and mine coal for private operators with whom they have no contractual relations, and, insofar as the application of the Taft-Hartley Labor Relations Act of 1947 in the present crisis is concerned, it is reported that Attorney General Tom C. Clark is of the present opinion that the new law does not effect the coal situation.

INDUSTRIAL PRODUCTION MAINTAINED AT HIGH POINT

Over-all industrial output and employment continued the past week at high levels. The closing of schools saw the labor force augmented by many students, resulting in seasonal gains in total employment.

Increased pressure was exerted on steel mills for the delivery of steel as the threat of an extended walkout in the coal mines became imminent. In the metal products field manufacturing continued to be hampered due to the limited supply of sheet steel.

Output of machinery manufacturers held steady in the week with some slight falling off in new orders apparent. As a result of some cancellation of back orders for electrical motors, manufacturers were able to shorten former delivery dates.

It was reported that pulp, paper, cotton, textile and lumber mills were maintaining full-time operation schedules during the week and that total output was high. No increase in shoe order volume was evident and production in leather tanneries continued to decline with the slump in demand from shoe producers.

Shoe manufacturers, it was noted, were planning for the usual vacation shutdowns.

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Observations . . . .

By A. WILFRED MAY

THE DISMAL TAX OUTLOOK

Quite inexplicably—although partly due to the legislative timing—the President's veto of the tax bill was largely overshadowed in the public's attention by the sensational Taft-Hartley labor imbroglio. But now that the smoke has cleared away from the latter, and the dire predictions of civil war or worse have been disproved, the public can be made to comprehend more fully the equally serious implications of the President's tax veto.

A. Wilfred May

Serious because the Administration, in its imminent championing of soak-the rich, will be furthering the Marxist class-war line just as it has been doing in its labor position. If Mr. Truman wants to save his political skin from the electorate's wrath over the raid on its personal pocketbook embodied in his almost-unprecedented veto, he cannot merely re-introduce to next January's Congress the same kind of legislation which he has just emasculated. Nor can he base his own legislation on technical changes incomprehensible to the public. Rather must he now premise it on the "social reform" motive—another dose of demagoguery arousing class against class, to our great harm abroad as well as at home.

In its Socialist thesis the tax reduction veto philosophy follows the British Labor Government's boasted achievement of having instituted a tax policy which has been successful in increasing by 10% the share of wages in the national income; thereby using tax policy as an instrument for redistributing the national wealth (?).

Another Socialist precept which has been increasingly employed by our New Deal-ish administrations has been inequitably to impose *taxation without representation.* Instead of following the technique of spreading tax burdens equally among all the people, we have more and more permitted the majority of our population (electorate) to impose on the minority tax penalties which it refuses to assume for itself.

Another bad practice pursued more and more, has been to follow the temptation—obviously most attractive to voters—for lawmakers of one generation to charge their tax bill to future generations rather than to their contemporaries. Not only does this—accomplished by financing government expenditures rather than by businesslike pay-as-you-go taxes on all members of the community—forestall taxation by representation, but removes the making of controversial decisions regarding specific expenditures from those paying the bill—another instance of Socialist central planning.

The Immediate Possibilities for Tax Relief

The Congressional leaders who have this week been formulating strategy on the subject are undoubtedly 100% correct in assuming that no cooperation can be expected from Mr. Truman toward putting through any tax relief whatever this year. He, as well as Secretary Snyder, have stated their opposition to a lowering of wartime rates both because of its alleged simultaneous inflationary and deflationary effects. For these and other excuses they have stoutly asserted that "now is not the proper time." But in view of the Federal Government this week having wound up its fiscal year with a surplus for the first time in 17 years, and with an admittedly much larger balance assured for 1947-1948, bad faith in the Administration's arguments, and stalling tactics, must surely be suspected. Incidentally, even under Mr. Truman's aegis, "the time *was* ripe" back in August, 1945 for a tax reduction of $5½ billion in the corporate levy, and for the elimination of excess profits taxation of $3 billion three months thereafter. So it must be realized that the fate of Mr. Knutson's reintroduced bill, or of any other early remedial legislation, will be exclusively up to the Congress.

Assuming the inability of Mr. Knutson to win a veto-overriding two-thirds majority for his bill this session, the nature of tax relief in 1948 will be the upshot, if any, between the President's social try and whatever the Republicans can get a two-thirds majority behind. The goal for the latter will include a reduction in the surtax rate to a ceiling of about 50%; permission for married couples to split their combined income; confinement of corporate taxation to a single rate, one reduced below the present 38% elimination of double-taxation of corporate dividends; alleviation or elimination of potential penalties for non-distribution of corporate earnings; and a hiking of excise taxes. How much of this goal can be put through against the veto-backed minority opposition is problematic. In any event, an important key will be furnished by the amount of foreign aid to which we become committed—unless, as some prominent Republicans are suggesting—our outlays abroad be placed in a separate "extraordinary" budget.

COMING EVENTS

In Investment Field

July 10, 1947 (Boston, Mass.)
Boston Securities Traders Association annual outing at the Woodland Golf Club, Newton, Mass.

July 11, 1947 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia Silver Jubilee and 25th summer outing at Llanerch Country Club, Havertown, Pa.

July 22, 1947 (Detroit, Mich.)
Security Traders Association of Detroit & Michigan Annual Summer Golf Party, Orchard Lake Country Club. Also a cocktail party and buffet dinner on July 21 at the Savoyard Club, Detroit.

Aug. 10-14, 1947 (Boston, Mass.)
National Security Traders Association annual convention.

Sept. 20, 1947 (Chicago, Ill.)
Municipal Bond Club of Chicago Outing.

Nov. 30-Dec. 5, 1947 (Hollywood, Fla.)
Investment Bankers Association Annual Convention at the Hollywood Beach Hotel.

With Flynn & Levitt

Special to THE FINANCIAL CHRONICLE

LOS ANGELES, CALIF. — Quentin R. Smith is with Flynn & Levitt, 411 West Seventh Street.

World Bank Files SEC Registration Statement

Hopes to begin public distribution of its bonds July 15. Offering will comprise 10 and 25 year maturities. SEC promulgates special exemptions to aid distribution.

The International Bank for Reconstruction and Development ("World Bank") has filed with the Securities and Exchange Commission a registration statement covering its initial issue of $250,000,000 principal amount of its bonds, the institution announced at its New York office June 30.


E. Fleetwood Dunstan

Some of the issue will comprise ten-year 2¼% bonds, and the balance will consist of 25-year 3% bonds. Items still left open include the breakdown of the two maturities by principal, amount of each offering, the offering price of each issue, the redemption prices, and the method of allotment.

Plans for the initial distribution were outlined by E. Fleetwood Dunstan, director of marketing. Pointing out the numerous mechanics to be worked out, Mr. Dunstan stated that July 15 is the date aimed at as the effective registration date. If the Bank is in shape to engage in active selling by July 15, it is assumed that acceleration of the SEC will be asked for.

Completely new registration will be required in the case of each subsequent offering of the Bank's securities.

Subscriptions will not be accepted by Bank directly from investors, officials emphasizing the fact that the greatest possible number of security dealers—numbering almost 3,000—will participate in the offering.

Dealer Remuneration

Dealers will be allowed a concession of ¼ of 1% of the principal amount of all 10-year bonds and ½ of 1% on all 25-year bonds sold to them. No part of such commission may be reallowed.

To facilitate this operation, Mr. Dunstan announced that the Bank has just supplemented its staff with 20 experienced securities

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A Plan for World Bank Operation

By EDWARD A. VINER and C. EDWARD GARNAUS
Of Edward A. Viner & Co.

Writers, contending, because of present unstable and unbalanced economic conditions throughout world, the Bank for Reconstruction and Development cannot operate successfully along traditional credit lines, propose for it a system of loans based upon repayment in kind. Advocates issue of two classes of bonds: one serial and short-term; the other long-term obligations, based exclusively on economically productive projects for reconstruction and peacetime development. Hold plan would allow unlimited development of sound projects wherever located and can be coordinated with materials stock piling program.

Operation of the New World Bank along traditional lines can hardly accomplish one of the great needs of the world today—that is, the opening up of raw materials of the world to all countries. Without this, one of the primary objectives of the Bank, the development of productive facilities and resources in the less developed countries of the world could not take place. The economic class distinction between rich and poor countries would continue because of the inaccessibility of basic raw materials. Because of the division of the world between economically strong and economically weak countries, power politics on the part of countries owning strategic materials would become more powerful and the dependence of countries lacking basic raw materials would increase.


Edward A. Viner


C. Edward Garnaus

New Machinery of Operation Required

What changes must be made in the ideas of traditional banking and how can the machinery of classical banking be extended so that safe loans can be made? With the proper machinery, it would be possible for the Bank to make loans in almost unlimited amounts and be assured that they would be repaid. The assurance of repayment would easily be demonstrated so that the investor would have complete confidence in investing his money abroad. All savings could be put to use; all resources of the world, wherever they may be, could be opened to all people willing and able to use them.

The machinery of classical banking should be extended to include the following ideas:

(1) Specific purpose loans as against general purpose loans;

(2) Settlement of international loans by payment of goods in kind where exchange is not available or desired by the debtor nation;

(3) Mutual insurance reserve to pay for operation of machinery required for settlement of debt in goods in kind as well as other expenses;

(4) Each international loan to be of a large size and collateralized by a lien on the material and products of each specific project;

(5) Each international loan to be signed by the government and voted by the people in an election similar to voting approval of special projects at state and municipal elections by the people of the United States;

(6) The receivables of each project to be used as collateral for a major loan and to become due serially;

(7) Long-term World Bank bonds collateralized by long-term loans which, in turn, are collateralized by long-term receivables on specific projects to be sold to long-term investors through investment banks, at a rate of interest commensurate with the prevailing rate of interest for other long-term loans;

(8) Short-term World Bank bonds collateralized by short-term loans which, in turn, are collateralized by short-term receivables on specific projects to be sold direct to banks, insurance companies and other institutions at a rate of interest prevailing for short-term paper;

(9) All loans made by the Bank to carry a 6% interest rate;

(10) One-third of the interest rate charged by the World Bank on its loans to nations, viz: 2% to be designated as insurance and is to be placed in an insurance reserve fund;

(11) World Bank bonds equal to all of the Bank's loans are to be resold to the public in as many countries as possible;

(12) Each World Bank bond to be guaranteed in the following ways:

(a) By the Bank's entire capital.
(b) By the Bank's mutual reserve fund.
(c) By the Bank's major loan agreements signed by the respective debtor governments and approved by the respective people in a duly held election.
(d) By 100% of the receivables of specific projects, each guaranteed by the other.
(e) By a lien on the machinery and material used in all of the projects covered by a major loan.
(f) By a lien on all of the products of each project.
(g) By an export reserve fund to be kept on deposit with the Bank, consisting of 1% or more of all the exports of the countries indebted to the Bank; this reserve to remain fixed when it reaches a certain percentage of the country's debt to the Bank.

(13) Coordination of the Bank's program with the commodity exchanges of the world;

(14) Creation of many new futures contracts of generally used producers' goods and consumers' goods;

(15) Creation of a committee to select a definite list of such products feasible for trading on commodity exchanges which may be tendered by a nation in payment of its debt;

(16) Coordination of the Bank's program with the stock piling program of each nation;

(17) Coordination of the Bank's program with a world relief organization.

Precedence for New International Banking Methods

In order to make it possible for the Bank to succeed and accomplish the purposes for which it was formed it will have to break away from the narrow limits of traditional banking methods and embrace the broadest aspects of the necessary requirements for financing the production and distribution of producers' and consumers' goods. It will have to adopt the detailed banking procedure of many institutions which have been for a long time on the periphery of the banking community and whose functions the banks have for many years frowned upon. These institutions have been functioning successfully outside the classical banking community along new paths which only recently the major banks have been trying to follow. The detailed and finely developed machinery of the instalment and factoring institutions in the financing of inventories, machinery, equipment, and even plant and property, should be adopted by the World Bank in its operation.

A good part of the machinery of the Federal Housing Administration, of the Reconstruction Finance Corporation and the Export-Import Bank should be adapted to the World Bank procedure. The machinery and facilities of the commodity exchanges could be used and extended. The expe-

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From Washington Ahead of the News

By CARLISLE BARGERON

Some of the most interesting reading available in the country today is a confidential report to the House Appropriations Committee by its special investigators on subsidized housing. It seems a shame that the committee doesn't publish it as a public document except that then it probably wouldn't get much publicity. It is something that should be generally available before action is taken on the Taft-Ellender-Wagner bill.

Carlisle Bargeron

The investigators found that public housing officials like economists and scientists, have become another tremendous pressure group with intensive propaganda vehicles. The Federal Public Housing Authority, holding company for some six or seven other Federal agencies dealing with housing, is bureaucracy at its worst. In the central office there are hordes of experts and specialists—procurement experts, title experts, paint and varnish experts, home economics experts, gardening experts, recreational experts, legal experts, erosion experts, most every conceivable kind of expert. This high priced staff is duplicated in nine regional offices. Even in the central office, the activities of various divisions of experts overlap.

In addition, all but two or three States have State and municipal housing authorities and they are staffed with experts, who have as little to do with the Federal experts as possible. They little avail themselves of the abundance of services which the Federal agencies have to offer. Yet there they are. The State and local housing agencies run practically all of the show as was the original intention. They complain the Federal crowd is always trying to cram its socialist theories down their throats.

And you can imagine the type of thinking to come from the Federal crowd when the investigators found the FPHA to be seemingly at the mercy of the Commy dominated United Public Workers' CIO union. Through their enterprise the workers in the central office have the service of a second breakfast. They come and go pretty much as they please, loose records are kept of their leaves. In Atlanta the workers think nothing of going to the movies in the afternoon. In the San Francisco office known Commies are on the payroll; CIO literature is passed out to every applicant for a job.

The officials and experts themselves are a traveling bunch. Seven to 10 of them will attend such a convention as the Girl Scouts or the Recreation Congress. Each official or expert claims he is interested in a particular discussion.

More important than this, however, is the lack of accomplishment of the subsidized housing program. The contention of its proponents was that it would eliminate slums and under expert guidance, the tenants would become inspired to improve their lot in life and acquire homes of their own.

Some 80% of those living in the aided homes cling or seek to cling to them. Some 30% at present are ineligible for the aided housing and little or no effort is made to remove them or even to collect increased rents, the officials taking a "What's the use policy." Incomes of tenants range as high as $6,000 a year. At one project in Chicago, the investigators noted high priced automobiles—Cadillacs, Packards, Chryslers.

Some local authorities will not take families of "too low" incomes because it would hurt the tone of the project. As it stands thus far the occupants of the subsidized housing have established a vested interest against thousands of others in worse circumstances. There is no standard for what constitutes a low income. The local authorities set the limits and in many instances have lifted them to permit occupants to continue as eligible.

Another stated purpose of subsidized housing was the elimination of slums. Partly due to the war, no doubt, this has been a complete flop. The law requires that every community getting funds for a housing project must eliminate the equivalent of slums. Only in the case where the new project is erected in a slum area does the elimination occur. Otherwise, the communities have got the new housing and kept the slums, too.

Various subterfuges are resorted to to comply with the law. Demolitions which come naturally in the wear of a community are claimed as slum clearances. In many instances, inside toilet facilities have been placed in homes to which sewage had not been earlier available but has become available. This installation is claimed as a slum clearance.

The housing officials, local and Federal, have banded together in a pressure organization, the National Association of Public Housing Officials. The officials of this organization, in turn, serve as *per diem* consultants to the FPHA and thus are rated as Federal employees entitled to travel about the country on government vouchers.

When you look at FPHA's payroll, along with that of the State and municipal authorities, you wonder how there can possibly be any real estate men left in private business. They all seem to have landed on one of the greatest gravy trains that even the New Deal produced. The investigators found they are licking their chops in anticipation of the Taft-Ellender-Wagner bill.

Bourbeau & Douglass Formed in Los Angeles

LOS ANGELES, CALIF.—Edward J. Bourbeau & Co., 510 South Spring Street, announces the Association of Nelson Douglass, Jr., with the firm and the change in the firm name to Bourbeau & Douglass. Officers of the firm will be Nelson Douglass, Jr., President; Edward J. Bourbeau, William A. Lower and Paul Grannis, Vice-Presidents.

The firm, which will act as distributors, dealers and brokers in industrial, railroad, public utility and municipal securities, will maintain branches in Beverly Hills, Glendale, and Long Beach.

Creston Funk Now Sole Proprietorsip

SAN ANTONIO, TEX. — The partnership of Funk & White, Frost National Bank Building, became a sole proprietorship on June 30th to be operated under the name of Creston H. Funk.

With John B. Dunbar Co.

Special to THE FINANCIAL CHRONICLE

LOS ANGELES, CALIF.—Rachford Harris is now associated with John B. Dunbar & Co., 634 South Spring Street. Mr. Harris was previously with Investment Fund Distributors.

Samuel Stewart, Jr. VP Of Bank of America

Samuel B. Stewart, Jr., has been appointed a Vice-President and general counsel of the Bank of America, and a member of its advisory council. Mr. Stewart has represented the bank in eastern legal matters for the last 13 years.

Joins Staff of Fairman Co.

Special to THE FINANCIAL CHRONICLE

LOS ANGELES, CALIF.—Calvin J. Veith has become affiliated with Fairman & Co., 210 West Seventh Street, members of the Los Angeles Stock Exchange.

Public Utility Securities

El Paso Electric

In connection with its dissolution program, Engineers Public Service expects to distribute its holdings of El Paso Electric to its own stockholders on the basis of one-fifth share for each share of Engineers on or about July 21 to holders of record about July 10.

El Paso is a $16,000,000 company serving El Paso, Texas, and a long strip of territory in the Rio Grande Valley in Texas and New Mexico. This strip extends about 200 miles along the Mexican border, with El Paso at about the middle point. Electric energy is retailed in 14 Texas communities and 20 in New Mexico, together with adjacent rural areas. The population served is estimated at 190,000 (excluding 12,000 military personnel at Fort Bliss, Biggs Field, etc.); of this total, 130,000 are in the metropolitan area of El Paso. Power is also wholesaled to a Mexican company serving a population of 62,000 in the City of Juarez and other areas. The company sold its important transportation property, including the international toll bridges, at the end of 1943, so that all revenues are now electric.

Revenues in 1946 were 34% residential and rural, 30% commercial, 20% industrial and 16% wholesale and miscellaneous. Principal activities in the area are cattle raising, cotton growing and copper refining; El Paso is the trading and railroad center for a large area.

Rates are below average, residential revenue per KWH. in 1946 being 2.7¢, residential 2.8¢ and industrial 1.0¢. Average residential usage was 1,557 KWH., substantially above the national average.

The company generates at steam plants about 80% of its power requirements. Capacity of these plants was increased 15,000 kw. last year by installing a new boiler at the Rio Grande station, and a 20,000 kw. generator (estimated cost $3,215,000) has been ordered for installation in March, 1949.

Rate regulation in Texas is principally by municipalities. In Jan. 1, 1946, the company reduced residential rates $161,000 per annum and in September commercial rates were cut $140,000, in connection with securing a new 30-year franchise from the City of El Paso. The City Council on Nov. 29 agreed to a valuation of the company's property for rate-making purposes at about $17,000,000 for the year 1946. Since a city ordinance limits the rate of return to 6% and earnings were in excess of this, the Council ordered the company to give all customers a 10% discount on December, 1946, bills. This involved a refund of $39,000 (slightly less than 1% of the year's revenues) for all customers in the system. It was approved by the Public Service Commission of New Mexico with respect to business done in that state.

The valuation fixed by the City of El Paso is evidently not based on net original cost. Electric plant at the end of 1946 was carried on the books (on this basis) at only about $11,335,000 to which might be added an estimated $600,000 for working capital, making a round-figure total of $12,000,000. The city valuation was nearly one-third larger, indicating that a return on net original cost of about 8% was allowed. Actually, 1946 net operating revenues were about 9.8% of original cost. The commercial rate reduction was effective for only about one-quarter of the year, and adjusting for this factor the rate of return would drop to about 9.2%, it is estimated. Of course, other accounting adjustments may have been made in connection with the year-end rebates to customers.

A bond refunding program effected late in 1946 should result in annual savings of about $23,000.

Net income over the past 10 years has increased from $339,000 in 1937 to $666,000 in 1945 and $927,000 in 1946. The gain in net was due in part to (1) an increase of over one-third in operating revenues and (2) to a sharp reduction in fixed charges. In the calendar year 1946 share earnings on the 381,994 shares of common stock (adjusted for the split-up of Feb. 11, 1947) were $2.25. For the 12 months ended April 30, $2.36 was earned. Quarterly dividends are being paid at the rate of $1.60 annually. It appears likely that this rate will be continued after the stock is in the hands of the public, rather than being deferred as in the case of other stocks of the Engineers System (Gulf States and Virginia Electric). At the present "when distributed" price around 25 the stock yields 6.4% and sells at about 10½ times recent earnings.

No Immediate "Dollar Crisis"

National City Bank of N. Y. holds gold and dollar balances abroad are sufficient to keep U. S. exports at high gear for some time to come.

The July "Monthly Bank Letter" of the National City Bank of New York discusses the apparent "dollar shortage" throughout the world and its effects on our export trade, and decries the fear that U. S. exports will be drastically curtailed because of an impending "dollar crisis." According to the "Bank Letter":

Observers abroad, from a study of the unexpected magnitude of the exports, have drawn the conclusion that foreign dollars and dollar credits are being used up so rapidly that a "dollar crisis" lies in the offing unless our loan program is expanded promptly. On this side of the Atlantic there is a feeling, shared by some business men, that the loan program must be kept going to keep our exports booming and our manufacturing capacity and labor force fully employed.

These viewpoints, expressed with good will and sincerity, nevertheless carry implications that cannot lightly be dismissed. For either Europeans or Americas to ask for a continuous flow of foreign aid, with no visible end in sight and no slackening in rate, comes close to confessing to the futility of the whole enterprise. If Europe is not already developing a basis of self-support, with our substantial aid, a dollar crisis is only postponed to a day when America wearies of the load.

To look at the jobs "created" in producing for export, and to consider that giving away vast amounts of goods is essential to our "prosperity," is to see only one side of the picture. Money collected through taxes and used to pay for the exports could have supported just as many jobs if the taxpayer, instead of having to pay the tax, had his own free choice in disposing of his income. When the aid is not covered by a tax it involves that much pure inflation.

Foreign Gold and Dollar Resources

So far as money is concerned, enough dollars are already in the hands of foreign nations, or will become available under existing programs, to tax our export capacity for some time to come.

Gold holdings outside the United States stock, and outside the Monetary Fund and the World Bank, are estimated at $15 billion at the end of May, even after the heavy transfers in February to get the Fund going. This compares with $10 billion in 1940. Dollar holdings of foreigners evidently amounted to more than $5 billion at the end of May. The total of gold and dollars is estimated at $20 to $21 billion. New gold production outside Russia may run to $700 million annually.

While a not inconsiderable part of the gold and dollar resources are held in "last ditch" monetary reserves, represent private holdings, or are tied up or committed in other ways, and while their potential buying power has been reduced by the rise in American prices, the unprecedentedly high levels at which they have been running provides an answer to the more extreme statements about a world-wide "dollar crisis."

Additional Dollars Available

Aside from the gold and dollars in foreign hands that can be used to buy American products, dollars are constantly being supplied under existing programs. Two of the biggest of the potential

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NSTA Notes

NSTA ADVERTISING NOTES

Your advertising Committee recognizes the fact that many of our members have not enjoyed the profitable business we experienced during 1946, and yet in spite of this, Hart Smith & Co. of New York City has again taken the largest space available in our Convention issue of the "Commercial & Financial Chronicle," namely, the back cover. May I therefore, representing Advertising Committee, as well as our entire membership, say "Thanks, Bill, we greatly appreciate your cooperation." We also recognize and extend our thanks to our old standby and associate, Lou Walker, for his half-page advertisement. Lou is an outstanding personality in our industry and many of us have partaken of his hospitality.

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Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Canadian Bond Quotations—List of quotations in U. S. funds—A. E. Ames & Co., Inc., 2 Wall Street, New York 5, N. Y.

Also available is a list of Canadian Government, provincial and municipal bonds.

Department Store and Oil Industries—Discussed in current issue of **"Securities Outlook,"** a monthly discussion of topics of interest to the investor and business executive—G. H. Walker & Co., 1 Wall Street, New York 5, N. Y.

Earnings Comparison for second quarter of 1947 of **19 New York City Bank Stocks**—Circular—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

"Local Notes"—Comment on Kentucky issues—Also contains brief data on 36 diversified issues—The Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville 2, Ky.

Peru's Debt Plan—Discussion of recently proposed adjustment plan—Bernard, Winkler & Co., 11 Wall Street, New York 5, N. Y.

Public Utility Bonds—Tabulation giving call at 30 days, first drop, price and yield—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Also available is a leaflet of **Railroad Developments** giving current events during the week in the industry.

Railroad Equipment Certificates—Valuation and appraisal—Stroud & Co., Inc., 123 South Broad Street, Philadelphia 9, Pa.

Also available is a valuation and appraisal of **City of Philadelphia Bonds.**

Two Portfolios of Low-Priced Stocks—Memorandum—A. M. Kidder & Co., 1 Wall Street, New York 5, N. Y.

* * *

Cities Service Co.—Detailed study—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Consolidated Electric & Gas Co.—Detailed memorandum—Bear, Stearns & Co., 135 South La Salle Street, Chicago 3, Ill.

Dan River Mills, Inc.—Analytical circular on common stock—Interstate Securities Corp., Commercial National Bank Building, Charlotte 2, N. C.

Fashion Park, Inc.—Analysis—Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York 4, N. Y.

Also available are analyses of **Tennessee Products, Argo Oil Corp. and Consolidated Dearborn.**

Graham-Paige Motors Corp.—Memorandum on 4% convertible debentures due 1956—Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York 4, N. Y.

Great Northern Railway—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

R. Hoe & Co.—Analysis—Adams & Co., 231 South La Salle Street, Chicago 4, Ill.

Kern County Land Co.—Special report—Walston, Hoffman & Goodwin, 265 Montgomery Street, San Francisco 4, Calif.

Also available are reports on **MacFadden Publications, Inc., National Automotive Fibres, Inc., Pacific Portland Cement, Standard Oil Co. of California,** and **Westinghouse Electric Corp.**

Lanova Corp.—Circular—Ward & Co., 120 Broadway, New York 5, N. Y.

Also available are memoranda on **Taylor Wharton Iron & Steel; Purolator Products; Upson Corp.; United Artists; Vacuum Concrete.**

New England Public Service Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Oil Exploration Co.—Bulletin—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

Public National Bank & Trust Co.—Analysis—C. E. Unterberg & Co., 61 Broadway, New York 6, N. Y.

Also available are analyses on **Stern & Stern Textile, Inc.,** and **Rome Cable Corp.**

Schenley Distillers Corp.—Research memorandum—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Southwestern Public Service Co.—Memorandum—Buckley Brothers, 1420 Walnut Street, Philadelphia 2, Pa.

Also available are memoranda on **Warner Company** and **The Gruen Watch Co.**

Standard Silica Corp.—Descriptive memorandum—David A. Noyes & Co., 208 South La Salle Street, Chicago 4, Ill.

Utica & Mohawk Cotton Mills, Inc.—Circular—Mohawk Valley Investing Co., Inc., 238 Genesee Street, Utica 2, N. Y.

Western Auto Supply Co.—Analysis and opinion—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

A New Cabinet Department

By JO BINGHAM

Writer calls attention to two bills introduced in Senate to carry out President Truman's recommendation for a new "Cabinet Department of Social Welfare." Points out pros and cons of proposal, and concludes, if new cabinet post is created, it will tend further toward centralizing education and social security functions in Federal Government and thus deprive states of their original and primary responsibilities.

The President's request for a new "cabinet department" of health, education and social security is now of two years standing. In the last Congress one bill embodying the proposal was submitted and there are now before this Congress two such bills, S. 140 (Taft-Fulbright) and S. 712 (Aiken). The former has just been approved by the Senate Committee on Expenditures

Jo Bingham

in the Executive Departments and order reported to the Senate. One or the other of these, with or without slight modification, has received the approval and support of various professional organizations in the three fields. Their aim has also been accorded the official favor of the Federal Security Agency, that arm of the government which now encloses the various offices and bureaus operating in these areas.

There has been a current upswing of interest and support concerning this recommendation. Very recently an editorial in a normally conservative newspaper quoted Senator Aiken's remark that the Taft-Fulbright bill would "raise the human being to the level of dignity already enjoyed by the Holstein cow through the Department of Agriculture," and grimly proceeded with its own conclusion that "the bill does this without extending the Federal Government's powers over the States or over the individual." Notwithstanding this rather unique contribution of the bill to the dignity of man, it is, nevertheless, the more mundane aspects of it which merit attention.

One of the first points to be considered is the chief executive's persistent request for the department. It is well known that the social security proposals of his legislative program, outlined a year or so ago in the State of the Union message, have not been implemented by the Congress. It would, no doubt, facilitate a realization of the President's recommendations in the general field of social security, education, public health, etc., if there were a Federal department coordinating these functions and headed by a man whose interests and training were such as to make him effective as an administrator and one who, as a person, was loyal and sympathetic to the President's way of thinking, these two prime qualifications making him "eligible" to be appointed to the cabinet. This particular aspect of facilitating action on the chief executive's ideas, is, perhaps, both a "pro" and a "con," depending on the attitude one has toward the President's social legislation program.

From a purely administrative angle, there would seem to be some logic to an effort to centralize and integrate the agencies operating in these various fields. On the other hand, a great deal of unification and coordination is already accomplished with the July, 1946 Reorganization Plan, under which the Federal Security Agency was given jurisdiction over social welfare, education, vocational rehabilitation and health activities of the Federal Government. Since this administrative improvement is not yet a year old, and has hardly had a chance to prove itself, there is some reason to question both the need and justice of creating a new department solely on the grounds of functional cohesiveness. Creating it before the present brainchild is in training pants is particularly premature.

However, probably the most serious question in the whole issue is that involving the nature and purpose of a Federal department. But, before pointing this out, it is worth mentioning that the phrases, "a department of cabinet sature," and a "cabinet department" or "a cabinet post for welfare," indicate something of an assumption if not a misconception. It is true that the heads of the 10 Federal departments are and have been cabinet members, but this is by custom, and custom alone; for the President is privileged to compose his cabinet however and with whomever he chooses. In this case, however, there could hardly be any question, because it is Mr. Truman's request and recommendation that the Congress create such a department in order that he may have in one man the traditional combination of a cabinet advisor and a staff administrator for this particular field of government activity.

It is in regard to governmental activity and the essential purpose of a Federal department that a basic question arises. It can best be pointed up by some explanation of the existing departments.

The three original departments established in 1789 were the State, Treasury and War departments. Not quite 10 years later came the Navy department. The nucleus of the Post Office department and the Department of Justice (which were not established *as* departments until much later, in 1829 and 1870, respectively) was the appointment in that first year of our Federal Government of a postmaster general and an attorney general. These six major functions, then, represented areas of activity and powers specifically granted to the National Government by the States, through the Constitution. They are basic responsibilities inherent in the existence and operation of our Federal Government. A seventh department, born similarly of National responsibilities, was created in 1849. This was the Interior department, sometimes called the "department of things in general" because it seems to have picked up the loose ends of Federal activities outside the functions for which provision had already been made: these included Indian affairs, public lands, national parks and monuments, protection of migratory birds and wild life, etc.

Of a very different nature are the three remaining departments. These are agriculture, commerce and labor. The first was established in 1889; the latter two were originally created as one in 1903, but were separated in 1913. These three departments do not deal with what may be called an intrinsic governmental function, but rather act as a liaison agency between government and a segment of the overall economic life of the country. They foster the

(Continued on page 32)

Dark Outlook for Office Building Financing

By ROBERT H. ARMSTRONG*
of Armstrong Associates

Prominent New York real estate broker and appraiser reviews past and present office building situation and asserts "any one who puts up a modern first-class office building during next three years is going to be committing financial suicide." Says market value of office buildings is only a fraction of reproduction cost and that there is no prospect of decline in taxes and operating costs.

In a nutshell, the problem of the future of office buildings is no different than that of all American business. Both the success and failure of business is measured in terms of finance. However, I do not believe that those of us who are interested in this industry can have any idea as to what its future will be if we merely talk in terms of dollars, due to the fact that the All-American problem of the day is not dollars, but production and consumption. Therefore, just as business must think in terms of quantums—productive and consumptive quantities, so must we be prepared to measure the probable supply and demand for office space under various kinds of economic conditions that may exist two or five years or a decade hence. Once we do that, we can better fit the financial pattern of the office building industry into our general economic picture, and then be prepared to forecast with at least some knowledge and vision, rather than upon hunches and guesses.

Robt. H. Armstrong

Now we know — empirically, that the demand for office space is related to a number of economic conditions and trends. In fact, this demand is dependent upon these trends. So, for the moment, let us examine some of the basic foundations upon which occupancy rests.

First of all, it must be realized that office buildings house, to a great degree, what are known as the service industries. In other words, nothing much is produced or manufactured in an office building, and it is the service businesses such as lawyers, accountants, real estate firms, publishers, etc., which occupy these structures. Of course, there are large manufacturing concerns that maintain their service divisions such as sales forces in office buildings, but the large corporations, all over America, by and large, occupy but a comparatively small percentage of the total office space. Of course, if this office building industry is going to be able to look to the future with any degree of assurance, it should know what is the percentage of space occupied by large and small businesses, and I would recommend that such a study be made in the near future because it is only through such a survey that any real measurement of demand for new construction can be made.

Watch Production

However, to go on! With respect to industry and economic trends, I would say that it is extremely important to watch production at this time—the production of both consumer and durable goods. As you undoubtedly know, factories have not only been producing goods for consumption at an unprecedented rate—they have been producing to catch up with a backlog of demand created by the war. For instance, the present production of durable goods is double the 1939 rate, and the production of non-durable goods is at approximately 70% over 1939. Of course, at this point I would like to remind you that I am not talking about price, but volume of production indices. Prices indicate some things, but not all.

The best economic opinion forecasts a reduction in the production and purchase of soft goods, and already production is surpassing consumption in many of these lines. Mr. F. D. Newbury, Vice-President of the Westinghouse Electric Corporation, writing in the spring issue of the "Harvard Business Review," has further stated that "sometime during 1947 we expect that new orders for durable goods will decline below production." He further states that "this natural and to-be-expected development in the heavy goods industries will set the stage for some mild recession in 1948, possibly extending into 1949." Mr. Newbury also adds that business men can look for relative stability, say, from now until 1952 or 1953, although these years should be less stable than from 1922 to 1928.

Retail Trade

Another facet of the general economic background that must be examined is the probable volume of retail trade and department store sales during the next five-year period. I know that I don't have to tell you anything about retail sales during the last few years. But in 1929, all retail sales, including those of durable goods amounted to 48 billion dollars; in 1933 the sales fell to 24 billion; but by 1940 they picked up to 46 billion. Of course, with the war boom this figure has risen and in 1943 it was 64 billion, and it has risen annually since, until last year when it was 96 billion. Just about double the 1940 level!

Just another indication of business; department store sales since 1939 are up about two and a half times, and the national income is up from a prewar level of 70 billion dollars to a rate of 175 billion dollars during the first six months of this year. So, gentlemen, there of course has been business for everybody, and the bottom of the employment barrel has been scraped to such an extent that even the inefficient, and unemployable are being grabbed by business men to fill almost any kind of a job.

Divorcing yourself from this office building picture for a moment, I would ask the question, "Do you think this situation is going to continue into the indeterminable future?" I for one surely do not think so, and I don't believe you do either. There is going to be a change and our chief worry at the moment consists in "when" and "how much."

Another index to watch in this connection is "business failures." All of us have seen thousands, tens of thousands, yes, and even hundreds of thousands starting new businesses since the war. Unfortunately, the mortality rate for new business has always been high, but in the interests of American efficiency I suppose it must remain high if we are to progress. However, business failures are starting to increase and they are going to increases more and more and more, regardless as to what course our general economy takes. The expected increase in business failures was vividly portrayed to me when I walked down the Main Streets just a few weeks ago of several little villages in Eastern Pennsylvania—the heart of the Amish and Mennonite country in the Lancaster area. In one town that had a population of no more than 800—with possibly 1,000 people in the surrounding territory (and only 14 miles from Reading, a large city) there were four radio and hardware stores, several of which I presume had been opened by ex-GIs. It isn't in the cards for all of these stores to make out after the townspeople and those in the surrounding territory have bought the radios and the oil lamps and electric fixtures they have been waiting to buy for five years. And neither is it in the cards for all business and all those occupying space in the heart of our cities to survive during the next five years. We lose sight, gentlemen, of many things living in the center of a great metropolis. We can't see the forest for the trees—or should I say the trees for the forest. The very numbers of people confuse our vision and

(Continued on page 28)

*An address by Mr. Armstrong before the National Association of Building Owners and Managers, Boston, Mass., June 23, 1947.

The Price Level

By ROY L. REIERSON
Asst. Vice-President, Economics Department
Bankers Trust Company, New York

Dr. Reierson traces postwar price changes and points out disparities in present price structure. Sees similarity in behavior of prices with period following World War I and concludes present price level is near peak, but does not anticipate imminent collapse in either agricultural or manufactured products prices. Sees better credit and inventory situation now than after previous war.

A rapid rise in commodity prices is typical of war and postwar years. World War II was no exception. At its recent peak in March of this year, the Bureau of Labor Statistics index of wholesale commodity prices showed an increase of almost 95% over the average for the prewar year, 1939. Over one-half of this rise occurred after June, 1946, representing the most rapid price increase in our history. The price index has leveled off since March, but is still within about 10% of the 1920 peak which followed World War I.

Roy L. Reierson

Disparities in the Price Structure

The increases in prices have been very uneven. Consequently, the relationships between various prices have been greatly altered from prewar. These shifts have had serious repercussions throughout the economy.

Rapid Rise in Farm and Food Prices—One of the greatest maladjustments arises from the rapid increase in the prices of farm products and foods, compared with the much more moderate rise in the prices of other commodities. An indication of this disparity is shown on Chart I.

While prices of farm products have increased about 180% over 1939, and food prices about 140%, the prices of other commodities have increased only about 60%. Consequently, farm and food prices are out of line compared with prices of other commodities. This is also true if the comparison is made with 1926, a representative year in the prosperous '20s, or with the average of the five prewar years, 1935-1939.

No comparable distortion occurred during World War I. Although farm prices advanced faster than the other two categories during most of the earlier war period, by 1920 the prices of other commodities had forged ahead. Even at the height of the World War I speculative boom, there were fewer war-generated disparities in the price structure than at the present time. The following summary shows percentage increases in the prices of the three groups of commodities from their 1914 averages to their respective peaks in 1920, and from their 1939 averages to their recent highs (see Table I).

As a result, although the wholesale price index in the aggregate has not so far reached the record high of May, 1920, farm and food prices have been somewhat higher, while the index of other commodities has been substantially lower (as shown in Table II).

Rapid Rise in Raw Material Prices—A second feature of the price movements during and after World War II is the more rapid rise in prices of raw materials than in prices of semi-manufactured and finished goods. This is indicated by Chart II which shows the increases in prices over the averages for 1939. A similar pattern emerges when the increases in prices are compared with the averages for 1926, or for 1935-1939.

This situation also differs from that which developed in World War I. Then, the prices of finished goods and raw materials increased in about the same proportion, relative to 1914 prices, while the big increase occurred in the prices of semi-manufactured goods. The differences in the price movements in the two war periods are indicated in Table III.

The recent rapid rise in the prices of raw materials reflects, in part, the sharp increase in prices of farm products. Survey of the data over a period of years indicates that the price indexes for raw materials and finished goods tend to move together, except that raw material prices are more volatile, rising higher in periods of active business and falling lower in periods of depression. The present disparity is abnormally large, however, and some correction is indicated, either by a decline in raw material prices, or an increase in the prices of finished goods, or a combination of the two.

Uneven Increases Among Commodity Groups—Within the group of commodities other than farm and food, there are similarities and differences in price behavior in the two wars. In both war periods, prices of textiles and building materials showed about the largest percentage increases. The price index for fuel and lighting, which rose most in World War I, rose least this time. Increases in the price indexes for various groups of commodities are shown in Table IV.

The foregoing group data obscure divergent movements in the prices of individual commodities in the two wars. Space does not permit a discussion of the situation in detail, but it appears that prices in industries largely dominated by a relatively few producers (so-called "administered" prices) have, in general, increased less since 1939 than so-called "competitive" or "free" prices. Most large producers apparently have exercised somewhat more restraint in advancing prices than has been evident in fields generally regarded as highly competitive.

Effects of Price Increases

The differences in the rates at which various prices have increased since prewar have created great stresses in the economy, some of which have far-reaching implications.

Increase in Income of Farmers—Rapid increases in prices received by farmers, coupled with a slower growth in prices paid, have brought unprecedented prosperity to our agricultural regions. Prices received by farmers have increased about 160% over the prewar average, while prices paid have risen only about 80%. This favorable price situation, together with good crops, has raised the income of farmers to heights surpassing any previous levels. The net income of agricultural proprietors is estimated at almost $15 billion for 1946, compared with a prewar average of $4.5 billion. Agricultural net income, which comprised about 7% of the total national income in the prewar years, constituted about 9% of the total in 1946 and in the last quarter of the year had reached a rate of more than 10%. It seems fair to state that, as a group, the farmers are among the largest beneficiaries of our current prosperity.

Effects on Consumers — While the high prices for farm and food products have brought prosperity to the farmers, the effect on other consumers has been quite the reverse. Over 60% of the increase

(Continued on page 26)

CHART I
WHOLESALE PRICES
1939 = 100

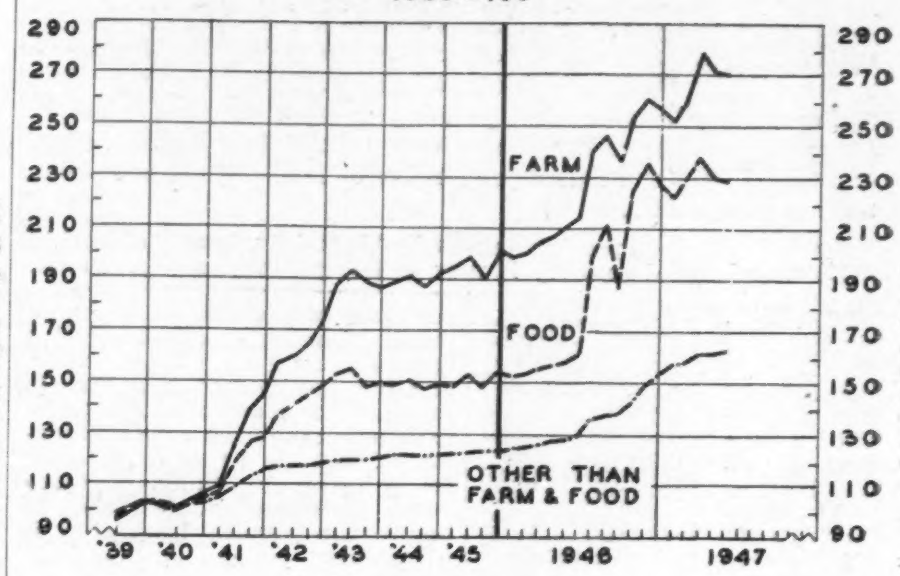

CHART II
WHOLESALE PRICES
1939=100

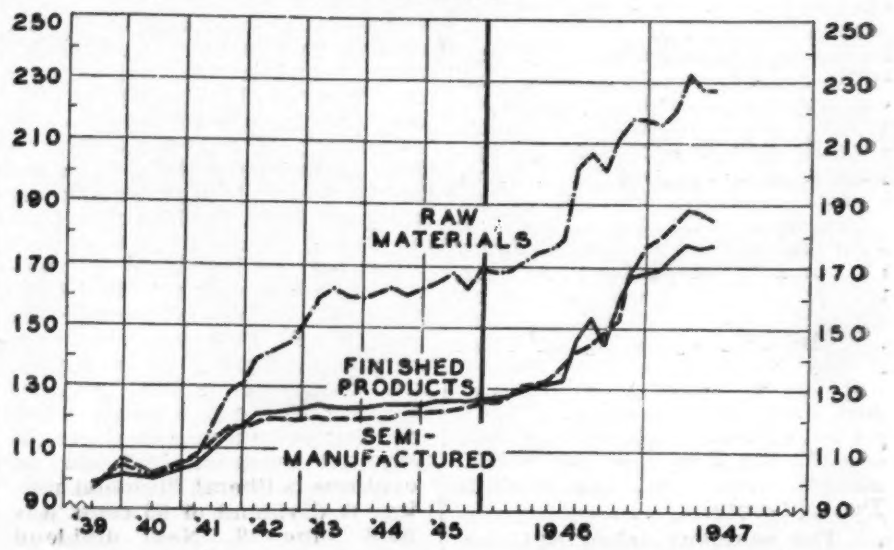

TABLE I

	Per cent increase in wholesale prices 1914 to 1920 peak	1939 to current peak
Farm products	139	180
Food	130	138
Other commodities	162	62
Total	146	94

TABLE II

	Index of wholesale prices (1926=100) 1920 peak	Current peak	Current peak as per cent of 1920 peak
Farm products	170 (May)	183 (Mar.)	108
Food	149 (June)	168 (Mar.)	113
Other commodities	174 (Aug.)	132 (May)	76
Total	167 (May)	150 (Mar.)	90

TABLE III

	Per cent increase in wholesale prices 1914 to 1920 peak	1939 to current peak
Raw materials	146	133
Semi-manufactured products	261	90
Finished goods	133	79
Total	146	94

TABLE IV

	Per cent increase in wholesale prices 1914 to 1920 peak	1939 to current peak
Textiles	256	100
Building materials	219	98
Hides and leather	187	83
Chemicals	113	75
Group average	162	62
Metals	96	50
Housefurnishings	164	50
Fuel and lighting	271	43

Pennsylvania Brevities

Philadelphia Plans for Natural Gas

Philadelphia Gas Works Co., operators of the city-owned gas plant, last week asked City Council for authority to purchase natural gas to be mixed with manufactured gas in order to meet increased consumer demand and offset soaring costs of the manufactured product.

In a letter to Council, Hudson W. Reed, President of the company stated that negotiations had been completed with Texas Eastern Transmission Corp., present operators of the Big and Little Inch pipe lines, to supply Philadelphia with 50 million cubic feet of natural gas daily, starting in the Fall of 1948.

Although the Philadelphia Gas Commission has already approved the project, acceptance by the Federal Power Commission and City Council is required. The proposal will be referred to Council's Lighting Committee at its meeting July 15.

The company has also asked for an advance of $7,500,000 from the city to make capital improvements and changes in equipment which will be necessary with the use of natural gas.

It was pointed out that the substitution of natural gas for heavy oil used in manufacturing gas should increase the capacity of the gas plant at least 60 million cubic feet per day, thus avoiding a large capital expenditure that would otherwise be necessary for the future growth of the company.

* * *

Natural Gas for N. W. Pa.

Application filed with the Securities & Exchange Commission last week by Natural Fuel Gas Co. of New York, contemplates linking the Big Inch pipe line to consumer areas in northwestern Pennsylvania.

The company asked SEC for authority to borrow $6,500,000 from Chase National Bank of which $5,000,000 would be loaned to its subsidiary, United Natural Gas Co. of Oil City, Pa. Of this amount, 75% would be used to build 75 miles of 20-inch pipe line and the balance to improve the company's net of compressor stations.

* * *

York Industries Quits

York Industries, Inc., successor to internationally-known York Safe & Lock Co. of York, Pa., closed down its plant last Friday and has gone out of business. The predecessor company had been operated by the late S. Forry Laucks for 55 years.

Plant, equipment, machinery, raw materials and other assets, valued by the company at $7,000,000 will be placed on sale at auction July 22 to 25.

* * *

Lehigh Valley Railroad

Comparing with a net loss of $1,837,899 for the first six months of 1946, C. A. Major, President, predicts that operations for the first half of 1947 will be in the black. Net loss for the first five months was reported as $44,870, accounted for entirely by a $77,523 deficit incurred in May. Mr. Major said results in May reflected heavy car repair program. For the first five months expenditures for maintenance of equipment were $1,500,000 greater than for the same 1946 period.

* * *

Philco's Television

Employing new principles of projection, Philco Corp. has introduced its new television receiver providing a picture image 15 by 20 inches and claimed to be far brighter than others now in use. Price of the model is $795, plus an installation and warranty charge of $85. Deliveries are immediate. The company has also announced two direct-view table model television receivers and 38 radio and phonograph models.

* * *

Pennsy Orders Cars

Bringing up to a total of 2,100 box cars ordered during the last 10 months, Pennsylvania Railroad has ordered an additional 1,000 from its Altoona, Pa., works. The new cars will be 10 feet longer than standard, with an interior length of 50½ feet. Of those on order, box cars are coming off the Altoona assembly line at the rate of approximately 250 a month.

* * *

U. G. I. Half Year

Indications are that first half earnings for United Gas Improvement Co. may approximate $1,400,000, equivalent to about 87 cents per common share, compared with 73 cents a year ago. The improvement reflects dividends on account of arrears paid by Commonwealth & Southern Corp. and Niagara Hudson Power Corp. Providing these two companies, in which U. G. I. has a stock interest, continue to liquidate dividend arrears, income for U. G. I. for 1947 is expected to substantially exceed that of 1946.

Walter E. Long, President, has indicated that as long as U. G. I.'s cash position is satisfactory and its surplus large, it will be management's policy to continue a liberal dividend policy. A dividend of 65 cents was paid June 28. Next dividend action will be taken in October.

* * *

Allentown-Bethlehem Gas Co.

United Gas Improvement Co. has asked SEC for authority to make a contribution of $600,000 to its subsidiary, Allentown-Bethlehem Gas Co. The latter proposes to use $325,000 of the funds so received to pay off bank loans and the balance for capital additions. The step would create a capital surplus in sufficient amount to write off the balance of plant adjustments resulting from determination of the original cost of its utility plant.

* * *

Bryans Heads P. E.

H. B. Bryans, former Executive Vice-President of Philadelphia Electric Co. has been elected President to succeed Horace P. Liversidge who becomes Chairman of the Board.

Reynolds Transfers

Philip H. Steckler, Robert B. Rothfeld, John A. Bartley, Georges A. Droulia and James W. Curran, Jr., formerly located at the Sherry-Netherland Hotel branch of Reynolds & Co., have been transferred to the firm's main office at 120 Broadway.

NSTA Notes

(Continued from page 8)

Many have responded to my letter to the membership regarding our annual issue of the "Chronicle," but as this article is being written, there are many to be heard from.

With the past several years of experience in this work representing the NSTA, your Chairman is confident that our membership will support this Committee when it realizes how important its achievements are to our national organization.

I believe it was Confucius who said: "One does better on Advertising Committee than Nominating Committee."

Harold B. Smith, Chairman
NSTA Advertising Committee
Collin, Norton & Co.
30 Pine Street
New York 5, New York

NSTA CONVENTION REGISTRATIONS

Registration blanks for the National Security Traders Association Convention in Boston Aug. 11 to 14 have now been mailed to all members. All planning to attend the Convention are urged to return the registration form with check as soon as possible, with an indication of choice of program for Tuesday, Aug. 12.

The Boston Convention Committee has planned a most interesting program allowing ample time for the business meetings of the Convention as well as for relaxation and entertainment. A complete program will be announced shortly and early registrations will be of great assistance to the Committee in planning for the comfort of those attending.

A special registration fee has been established for NSTA members who will be unable to attend the four-day meeting but can be there for two days. Only those members of the NSTA on or before July 1, 1947 are eligible to register at the members rate for either two days or the full Convention.

The Convention Special will leave Chicago on Friday afternoon Aug. 8 and special cars leaving Cincinnati, Cleveland, and Detroit will join the special en route to Baltimore. Arriving in Baltimore Saturday morning Aug. 9 those on the Special Train will be the guests of the Baltimore Security Traders Association on a cruise down Chesapeake Bay visiting the Naval Academy at Annapolis returning to Baltimore in the late afternoon where they will board the Special Train for Philadelphia.

The Investment Traders Association of Philadelphia will be hosts to those on the Special at cocktails and dinner Saturday night, and also for sightseeing Sunday morning. The Special will be parked in Broad Street Station Philadelphia for occupancy Saturday night. Leaving Philadelphia at noon Sunday, the Special will arrive in Boston early Sunday evening.

The Special will be operated on an all-expense basis at a cost of approximately $175 each, for two persons in a compartment from Chicago. The cost from other cities will be at a comparative rate. As rooms at the Hotel Statler Boston are included in the cost, those on the Special will not have to make individual hotel reservations. Reservations on the Special can now be made through Edward H. Welch, 231 South La Salle Street, Chicago.

Those going directly to Boston, who do not plan to travel on the Special, should make hotel reservations at once through Anton Homsey, Chairman of the Hotel Committee, c/o duPont, Homsey Co., 31 Milk Street, Boston 9, Mass.

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York is now distributing the ninth issue of "STANY," the Association's magazine of news and humor.

Contained in the current issue is an article on the Over-the-Counter Market, by Carl Stolle, President of G. A. Saxton & Co., Inc., and an article on opened investment companies by Harry I. Prankard 2nd, President of the Lord-Abbett Group of Investment Companies.

An amusing feature is a two-page spread of "Guess Who"—pictures of Wall Streeters taken in their pre-salad days.

Bank and Insurance Stocks

By E. A. VAN DEUSEN

This Week — Insurance Stocks

A pertinent comment on fire insurance stocks is offered in Standard & Poor's June 27 "Industry Surveys," which covers the insurance industry. We quote as follows: "Net investment income of the average fire insurance company in 1946 was the highest in many years, and results for the current year will be even better. Since this is the principal source of dividends, current rates are secure. This is the main factor of stability in the fire insurance stock outlook."

A selection of 21 "old line" fire insurance stocks is listed in the accompanying Table 1 for the consideration of the reader of this column, together with the annual dividend rate of each, the recent asked price and the equivalent current yield.

TABLE 1

	Annual Dividend Rate	Asked Price 6-27-47	Yield
Aetna	$1.80	48	3.8%
Agricultural	3.50	73	4.8%
Boston Insurance	2.20	59¾	3.7%
Continental Ins.	2.00	50½	4.0%
Fidelity-Phenix	2.20	55¼	4.0%
Fire Association	2.50	50	5.0%
Franklin Fire	1.00	22	4.5%
Great American	1.20	29⅝	4.1%
Hanover Fire	1.20	26	4.6%
Hartford Fire	2.50	108¼	2.3%
Home Insurance	1.20	26⅝	4.5%
Ins. Co. of No. America	3.00	96½	3.1%
National Fire	2.00	48	4.2%
New Hampshire	2.00	45	4.4%
North River	1.00	23¾	4.2%
Phoenix Insurance	3.00	81	3.7%
Prov. Washington	1.40	36½	3.8%
St. Paul F. & M.	2.00	68	2.9%
Security Insurance	1.40	27¾	5.0%
Springfield F. & M.	4.75	112½	4.2%
U. S. Fire	2.00	50	3.7%
Average 21			4.0%

The average yield is 4.0%. But the range between the lowest yield and the highest is very wide, being approximately 118%. Fire Association and Security offer the highest yields, with 5%; Hartford offers the lowest, with 2.3%.

Hartford Fire is characteristically a low yield stock; despite this market handicap, it is one of the few stocks which currently stand above their 1936 highs. Other stocks in the list which are priced above 1936 levels are: Continental, Fidelity- Phenix, Ins. Co. of No. America and St. Paul Fire & Marine.

Standard & Poor's refers to the current dividend rates as being "secure." In view of this comment it may be of interest to study the figures presented in Table II, as follows:

TABLE II

	Net Investment Income 6-Yr. Av.	Net Investment Income 1946	Total Net Oper. Profits 6-Yr. Av.	Total Net Oper. Profits 1946	Current Annual Div. Rate
Aetna Insurance	$2.86	$2.99	$3.47	$3.78	$1.80
Agricultural Ins.	4.82	5.02	4.55	4.05	3.50
Boston Insurance	3.33	3.29	3.42	3.43	2.20
Continental Insurance	2.71	3.07	3.59	4.22	2.00
Fidelity-Phenix	3.09	3.54	4.08	4.81	2.20
Fire Association	4.13	4.01	3.04	2.75	2.50
p Franklin Fire	1.50	1.49	1.03	0.42	1.00
Great American	1.80	1.96	2.14	1.78	1.20
p Hanover Fire	1.58	1.88	1.40	1.04	1.20
Hartford Fire	4.18	4.84	7.87	4.44	2.50
Home Insurance	1.65	1.82	1.87	1.69	1.20
Ins. Co. of No. Amer.	4.72	5.12	6.65	5.26	3.00
National Fire	3.26	3.37	2.16	0.10	2.00
New Hampshire	2.37	2.52	1.71	1.68	2.00
p North River	1.17	1.25	1.23	1.79	1.00
Phoenix Insurance	3.96	4.28	4.36	3.50	3.00
Prov. Washington	1.97	2.13	2.74	3.07	1.40
St. Paul F. & M.	3.14	3.70	5.24	5.69	2.00
Security Insurance	2.29	2.23	1.68	—2.05	1.40
Springfield F. & M.	6.30	6.81	7.20	10.88	4.75
p U. S. Fire	2.65	2.85	3.25	4.75	2.00

Note: Net investment income is before Federal income taxes. Total net operating profits include underwriting results and are after Federal income taxes. p All earnings are on consolidated basis except those marked p.

The period used for the "Six-Year Average" is 1941 to 1946. It will be observed that 1946 net investment income was higher than the six-year average for all companies except Boston, Fire Association, Franklin and Security. Average coverage of the dividend rate by net investment income in 1946 was 1.55, compared with 1.45 by the six-year average.

It will be observed that 12 companies out of the 21 had total net operating profits in 1946 below the six-year average. This, of course, is due to the relatively poor underwriting results of the past two to three years. It is also of interest to note that, even though net investment income in 1946 covered dividends by a generous margin, nevertheless, total net operating profits were below dividend requirements in the case of Franklin, Hanover, National Fire, New Hampshire, and Security. For the group as a whole, however, dividends were covered 1.53 times by total net operating profits.

It may be of interest to close this brief discussion with Standard & Poor's general comment, viz.: "More constructive attitude now justified." We concur in this opinion.

Wool Bill Vetoed

President Truman objects to increased tariff clause, but expressed willingness to approve other provisions of measure for aid of wool growers.

On June 26, President Truman returned to Congress without his signature the so-called "Wool Act of 1947." In a brief message he stated his only objection to the measure was the provision intended to increase the tariff on wool through the imposition of import fees. He based his objection to this provision on the ground that it conflicted with the policy of reducing trade barriers. "It would be a blow to our leadership in world affairs. It would be interpreted around the world as a first step on that same road to economic isolationism down which we and other countries traveled after the First World War with such disastrous consequences," the President stated.

No action was taken to override the President's veto, but the Senate almost immediately passed a new measure, without the "import fee" provision.

Sugar Trading Resumed On N. Y. Coffee Exchange

The Sugar Ring for futures trading was reopened on the New York Coffee and Sugar Exchange on July 1, after having been closed for five years. The opening was preceded by a short address made by the President of the Exchange, John C. Gardner, in which he stated that "all impediments to full resumption" of sugar futures contracts are still to be cleared away.

No American Imperialism!

By ERIC JOHNSTON*

President, Motion Picture Association of America

Mr. Johnston attacks Wallace accusations against American foreign policy as being imperialistic and reactionary. Says no nation which reduces armaments and releases territory voluntarily as U. S. has done can be called imperialistic. Scores Soviet expansionist policy as "a huge glacier steadily moving west," and denies U. S. is reactionary. Defends American capitalism and says we are not headed for economic collapse.

Europe recently had a distinguished visitor from the United States, Mr. Henry Agard Wallace. He left you with some very bad misconceptions about my country. He gave you some very bad advice about the United States and its role in the affairs of the world today.

Eric A. Johnston

It is not my intention to attack Mr. Wallace or his motives. But I am going to attack some of the things he has said. I do so in the interests of world understanding and world peace. It would be tragic if Europe and the rest of the world were to be misled by the false preachings that America is going to misuse its political and economic power in the world today.

Mr. Wallace has given the world three great misconceptions about the United States:

That the foreign political and economic policy of the United States today is imperialistic.

That the United States today is the world center of reaction.

That the United States is heading into a cataclysmic depression, economic chaos and financial collapse.

Let's look at Misconception Number One—this charge that the United States is embarking on a program of imperialism.

That's a phony. The spirit of imperialism simply does not exist in my country. There are strong reasons — good, practical reasons—why it doesn't exist. We covet nothing. We don't want anybody's territory. If we're imperialistic, we're going about it in a most peculiar way. Does an imperialistic nation cut appropriations for its armed forces? We did it.

Does an imperialistic nation allow its wartime conscription laws to lapse? We did. Does an imperialistic nation voluntarily grant independence to one of its possessions? We did. We have just saluted the flag of the new Philippine Republic.

I never heard of an imperialistic nation giving away territory or cutting down its armaments. I never heard of an imperialistic nation being so magnanimous as we have been to distressed people all over the world.

The sublime absurdity of the charge of imperialism lies in the fact that we are simultaneously accused of isolationism and indifference to the fate of the rest of the world.

No Sinister Foreign Policy

Sometimes it seems to us that on Mondays, Wednesdays and Fridays, the United States is accused of being an aggressive, swaggering, blustering, imperialistic nation, busily grinding its swords to hack the world in half, and that on Tuesdays, Thursdays and Saturdays we are charged with isolation and indifference to what happens anywhere outside of our own borders. On the seventh day of the week, all is confusion.

Actually, there is nothing mysterious or sinister about the foreign policy of the United States. It is simply a policy of self-help. My country has been inescapably placed in a position of world leadership. She has adopted a bipartisan foreign political and economic policy of helping free nations and free people to remain free—to rebuild their economies and restore stability in their affairs. There is no precedent in all history for this American policy. We have poured out billions in food, dollars and materials to help a stricken and prostrate world get back on its feet.

Our policy is the exact contradiction of policies pursued down the ages by imperialistic nations. Imperialism taxes, enslaves, plunders and exploits. It takes; it drains the substance of the less powerful; it feeds on whatever misery it can find or create.

We are taking nothing. We are putting in instead of taking out. We are taxing ourselves to aid others. It is not wholly altruistic because we know there can be no peace or prosperity for the United States unless there is a peaceful and prosperous world.

Soviet Expansionist Policy

Today, our policy of self-help happens to collide with what we feel is the expansionist policy of Soviet Russia. Russia to us in the United States looks like a huge glacier, moving steadily from east to west, smothering and pulverizing whatever may lie in its path. We in the United States ask this question: "Is this another ice age on the way, and this time made by man instead of by nature?" If Mr. Wallace had looked east instead of west when he was in Europe, he might have found some cause to worry about imperialism in the world today.

Now let's look at Misconception Number Two—that the United States is the world center of reaction.

Mr. Wallace would have you believe that the United States today is a hard, ruthless enemy of the common man's welfare everywhere.

Our Capitalism Is Flexible

How can you call reactionary a nation which, in a single generation, has fought two wars it neither sought nor inspired for the right of man to live a free life in a free society? How can you call reactionary a nation in which ownership is so widely diversified and where all the people have such a big stake and status in the system under which they live?

Let me document that for you.

Thirty million people in the United States are the owners of American industry. They own the stocks and bonds of American industrial and business concerns. Fifty million Americans are putting capital to work. They have savings accounts in our banks. One hundred fifty million life insurance policies are in force in my country. Those policies are building security for millions of our people. Those millions who own stocks and bonds; who have savings accounts and who hold life insurance policies are owners as well as workers. They share in

(Continued on page 19)

*An address by Mr. Johnston at a luncheon of the Belgium-American Society, Brussels, Belgium, June 26, 1947.

"Back Up the Truman Doctrine"

By ALF M. LANDON*
Ex-Governor of Kansas

Former Republican Presidential candidate upholds foreign policy to block Soviet expansion and aggression, but calls for a comprehensive constructive program to back it up. Wants more clarification of Marshall Plan for European rehabilitation, and decries fear of by-passing United Nations, which, he says, is not capable of maintaining peace. Attacks veto in U. N. Charter and calls for international action for peace without Russia if necessary.

I am talking to you not as a Republican. I am speaking as an American citizen. There is a growing realization that this is the year of crisis in foreign affairs. The Nation realizes the world situation is extremely critical. In such a situation it behooves every patriotic American to do everything in his power to support and aid the government of his country. We Americans have our bitter family difference on domestic issues. Frequently our purposes cross each other. Two ambitious and ruthless attempts to conquer and rule the world have learned to their destruction—in the lifetime of this generation—that when the Republic is in peril we Americans have no other consideration but our nation's safety and security. The American breed is never discouraged.

Alf M. Landon

This is no time for pessimism. It is a time to be on guard. We are the strongest nation in the world. American influence in the world has never been as great as it is today. The greatest problem of all at this time is the wise use of that strength. This is neither the time nor place to review the damage done by the ill advised handling of our foreign affairs.

The Administration is now embarking on a new and super program. At the same time the Kremlin—through its weakness—and fears born of that weakness—is over-reaching itself. That kind of situation can create a sudden and terrific explosion. However, I anticipate instead a long—arduous—expensive road ahead of us. The information furnished by the Administration to the American people regarding that road should be accurate and ample. Instead it has been too much like running a river steamer without lights or acquaintance with the shifting sand bars.

I staunchly supported the basic objectives of the Truman Doctrine as enunciated by the President. As I understand it, that objective is to block Soviet aggression and expansion wherever it may evidence itself. I did not and I do not now consider that policy as interfering in the internal affairs of Russia. I do not consider the Truman Doctrine as in any way challenging the right of Russia to run its own internal affairs. But that inherent right does not carry with it any right to interfere in the internal affairs of any other country—near or far—either by mailed fist—economic power—or terrorist pressures.

Imperialist totalitarian aggression of any kind has always been abhorrent to the American people.

It is abhorrent because it is immoral and because it threatens the peace of the world. Right is right, and wrong is wrong. The world cannot live in peace based on immorality. It doesn't matter what ideology it parades under—imperialistic aggression is still evil. The world cannot hope for peace, and mankind cannot look for a future of reconstruction and progress as long as any nation commits the immorality of aggressive imperialistic expansion by force.

In declaring early my support of the Truman Doctrine I acted as an American citizen first and above all other consideration. That is the only basis a patriotic citizen can act in time of national crisis. There can be no partisan—personal or other considerations.

I accepted the Truman Doctrine as a declaration of national foreign policy. I agreed with the basic objective of that policy because it was aimed against an international evil. I am still in favor of that basic objective. But I have earnestly hoped for a comprehensive constructive plan to back it up. The Truman Doctrine needs that badly if it succeeds in avoiding another war.

The real test of the Truman Doctrine is yet to come—probably in Italy, Germany or France. It is no secret that those major sections of Europe are in great danger of a Communist seizure of power. France and Italy are in the coils of government upheavals. What will our government do about that? Has it a plan of action in accordance with the basic objectives of the Truman Doctrine? It is not sufficient to invoke the United Nations. Every American is desperately eager that the United Nations fulfill its great purposes. But realities are realities. There is no use fooling ourselves that the United Nations today has any real power to enforce the peace of the world.

It is no solution of the perils we face to invoke the threat of the United Nations—especially when our government proclaimed a national policy that was outside the United Nations.

I believe it is now incumbent upon the Administration to fish or cut bait. It must formulate a definite, comprehensive plan and execute it without any quibbling. The popular thinking now in Administration circles is to underwrite politically and financially—to the tune of 20 or more billion dollars—spread over the next few years—some kind of a union of the nations of Western Europe. That is in effect a blood transfusion. And we should first find out how much we can spare. That policy must be more intelligently and efficiently managed than was the case with the fantastic administration of the UNRRA.

In his Harvard speech Secretary of State Marshall made offers to the European nations. It is generally assumed that policy implements the basic objective of the Truman Doctrine. Naturally I would like to support it. But the people of the United States still are in the dark as to the real meaning of Marshall's declaration. He leaves many vital questions still unanswered—questions that have not yet been clarified or even discussed by Administration spokesmen.

There is prevalent throughout the nation a profound and widespread feeling of uneasiness and concern over the world situation. Our country is against imperialistic expansion. But the American people also want peace. But I am convinced that profoundly as they want peace they are prepared to accept the responsibilities to go with enforcing peace. But the American people want to know what the Administration is doing to insure peace. They have a right to that information because it is the people who—in the final analysis—will pay the price. The demand of Americans that the Administration lay its cards frankly on the table does not mean that people approve of discordant and ill-advised criticism of the Administration and its policies.

The great mass of American people view such outcries—especially on foreign policies—with disgust and disapproval. But at the same time they feel that the Administration must be honest and frank with the country. The people know that great and grave decisions face the nation and them.

They want those decisions made with their full knowledge and full understanding. And, without any official attempts to minimize the hazards involved. Only in that way can national unity be preserved and maintained.

Also, such national unity can only be secured if the Administration has a definite and constructive policy. The American people want their government to be bold and vigorous in defense of peace. The American people want their government to act forcefully—intelligently and steadfastly for peace.

I believe I am voicing the sentiment of the nation in saying that the people are prepared to make great sacrifices for enduring peace.

Whether the plan of Secretary Marshall's for a European Union is successful or not I renew my previous suggestion of a consultative committee from the legislative bodies of Britain, Canada and America. The need is becoming more apparently every day. It should be broadened to include France at least. I believe it should be based more now on the reconstruction problem than the atomic one—for the former is much more urgent. To me, it seems that other certain steps are essential if the decent, peace-loving peoples of world have the best chance of heading off another war. In that group I include the Russian people—Hungarians—Yugoslavs and Chinese, as well as Americans. The common peoples of the world do not want war. It comes only through the blunders and ambitions and fears of their political leaders.

The first step is to boldly and vigorously push real and genuine disarmament with all the safeguards including inspection and control by a reorganized security council of the United Nations.

I do not mean any ratio hocus pocus—any attempt to fix ratios of any kind. I mean, for the first time in all history, an honest attempt to bring about complete universal disarmament. The most simple means of restoring and preserving civilization—I speak of disarmament—seems the most difficult. We are not aggressively pushing the most obvious design of mutual international understanding and cooperation. Honest disarmament is more than the next step in the policy proposed by Secretary of State Marshall. It is the primary step in restoring, not only the world but our own country, to health.

The conflict between Communism—Socialism—and Capitalism can then be safely left to the mu-

(Continued on page 28)

*An address by Mr. Landon at the 10th Annual Banquet of the Junior Chamber of Commerce, Philadelphia, June 26, 1947.

Mutual Funds

A Gentleman From the South Speaks

By HENRY HUNT

Howard S. McNair, of Courts & Co., Atlanta, Ga., recently gave an address on the advantages of open-end mutual investing companies. He refers to the comment of the SEC which calls their growth "probably the most important single development in the financial history of the United States during the last 50 years." Mr. McNair also says:

"I am firmly convinced that these open-end mutual funds are destined to play an increasingly important role in the investment of money. Why for instance should an investor attempt to select any particular bond or bonds, except tax exempts, when he can buy an interest in a supervised portfolio of a large number of bonds whose combined strength is certainly greater than any individual issues of comparable merit? Why should a corporation, particularly, buy individual bonds and pay the full tax on their interest instead of buying a bond fund whose payments to a corporate holder are 85% tax exempt? Lack of familiarity with the benefits to be derived from the ownership of mutual funds, is the only reason I can think of.

"1946 was a bad year for many investors, but it was a good year for investment companies because it proved the value of diversification and professional supervision. During the year 1946 on average the investment companies outperformed the market for the fourth consecutive year. Forty-one representative investment companies, investing predominantly in common stocks declined 3.7%. Standard and Poors 90 stock index declined 7.9%. The conservative balanced funds had a full year decline of ½ of 1%. Some of them showed gains."

No Mutual Fund Has Ever Passed a Dividend

The above caption speaks for itself as well as the results of diversification and professional management. While regular mutual fund dividends vary with the interest and dividends received on the underlying securities, if a mutual fund pays quarterly, the investor can count on four checks a year if semi-annually, he knows he will receive two dividend checks. Furthermore, in periods of rising stock prices, the investor frequently receives special distributions paid from realized security profits. About no other class of securities can one say, no dividend has ever been passed.

"National" to Add 12 Funds

The National Securities & Research Corporation announced last week that 12 new funds will be offered around Aug. 1, bringing the total of National Funds up to 22. Ten of the new funds will be of the industry group type in the following fields: Automobile Shares; Aviation Shares; Building Shares; Chemical Shares; Metal Shares; Oil Shares; Railroad Shares; Railroad Equipment Shares; Retail Trade Shares; and Steel Shares.

National is also bringing out a Balanced Fund which is expected to yield about 4% on the initial offering price.

National's 12th new fund, known as Institutional Series, will be something of an innovation. The portfolio will be of high quality with bond and preferreds predominating, although common stocks may be purchased up to 35% of the total portfolio. This Series is designed for wealthy individuals, corporations, fiduciaries, insurance companies, etc. The load will be only 3% graduating down to 2% on sales of $100,000 and over. Good luck Harry and Doug.

Definition of a Honeymoon

Mutual fun.

Earnings Highest Since 1929

The Broad Street Investing Corporation's "Letter" summarizes its comments on current corporation earnings as follows: "The annual rate of earnings of the stocks that comprise the Dow-Jones Industrial stock index are currently at the highest level since 1929. Such earnings have increased sharply since the market began to decline about a year ago. As a result of these diverse trends, the Dow-Jones Industrial stock index is selling at an abnormally low relationship of price to earnings. This appears to indicate that a decline in earnings is being anticipated. In this connection concern has been expressed as to the difficulty of maintaining earnings in view of the futher increase in the cost of production resulting from current wage increases. But there are a number of factors that will tend to offset such added expenses in considerable degree. As a result corporate earnings, generally, may experience only a moderate decline unless business activity drops more sharply in the next 12 months than now anticipated. This suggests that earnings may be maintained for some period ahead at a relatively high level and that such earnings are likely to be higher than those currently being discounted by common stock prices."

Prof. Slichter Is Economic Consultant Of Inc. Investors

Sumner Huber Slichter, Lamont professor of business administration at Harvard University, became economic consultant to Incorporated Investors as of July 1, 1947, according to an announcement on June 28, by The Parker Corporation of Boston. On June 30, 1947, the agreement between Management Associates and E. W. Axe & Co., Inc., will terminate.

Prof. S. H. Slichter

'Dollar Diplomacy'—British View

By PAUL EINZIG

LONDON, ENGLAND.—A great deal has been said and written recently about the so-called "dollar diplomacy." It is presented by Left-wing newspapers and politicians as something essentially sinister and contemptible, something which endangers world peace. Yet none of those who have attacked it have taken the trouble to define its meaning. As far as it is possible to ascertain from their various criticisms, "dollar diplomacy" means the endeavor on the part of the United States to induce other countries, by means of granting or withholding economic assistance, to adopt (or refrain from adopting), to change (or refrain from changing), or to abandon (or refrain from abandoning) certain policies, in accordance with American interests.

Dr. Paul Einzig

On the face of it, it is difficult to see why "dollar diplomacy" should be considered something inherently evil—why it should be denounced as immoral by quarters systematically employing other weapons in the armory of diplomacy, such as attempts to intimidate by open or implied threat of force, or the encouragement and assistance of subversive activities in foreign countries to cause industrial unrest and even civil war. While such weapons are an unmitigated evil, it would seem that the merits or demerits of "dollar diplomacy" depend largely on the purpose for which it is used.

Communist critics of "dollar diplomacy" in Britain and elsewhere object to its use as a matter of principle. They feel that the United States should grant economic assistance unconditionally to friend and foe alike. In a recent statement Marshall Tito declared that it was the duty of the Western Powers to assist Yugoslavia, and that no gratitude is due to them for their assistance. Evidently he reserves the sacred right of biting the hand that feeds him, before, during and after the feeding. This is in fact what the Communists feel about the matter. They have no desire to suspend the torrent of abuse directed against the United States, not even temporarily while the plans of assistance are under consideration, and make it quite plain that they will be no less hostile after receiving assistance than before.

The Communists have no real grievance against "dollar diplomacy." For they know it only too well that it would be unable to influence the policy of any country which, whether through sympathy towards the Soviet Union or through fear from it, is within the Russian sphere of influence. They will accept the dollars and will pursue the same policy.

The only sphere in which "dollar diplomacy" is apt to be effective is in the sphere of economic and monetary policies. The outstanding example for its use in this sphere has been provided by the Anglo-American loan agreement. Financial assistance to Britain was made conditional upon the acceptance of the American policies of convertibility and multilateralism. There is this difference between the effect of "dollar diplomacy" in the political and the economic sphere: Even if Yugoslavia took the trouble of pretending to turn pro-American for the sake of obtaining much-needed dollars, there is nothing to prevent it from turning once more anti-American as soon as the assistance has been received. On the other hand, it would not be easy for Britain to revert to bilateralism after adapting its economy to the American policy of multilateral trading. While political policies can be changed with a stroke of the pen, it is always difficult to change economic policies.

Apart from a small though vocal minority, British opinion has nothing against the use of "dollar diplomacy" in a political sphere, even though few people believe that it could produce really lasting results. On the other hand, its application in the economic sphere is subject to much criticism. It is widely felt that the conditions on which assistance to Britain has been forthcoming have been far too costly in terms of probable losses of markets for British exporters. It is felt that unless the United States agrees to a less strict interpretation of the non-discrimination clause, "dollar diplomacy" will result in hardship on the British consumer who will be prevented from satisfying his needs through imports from other countries if imports from the United States have to be curtailed in order to save dollars.

It is also felt that under the terms dictated by "dollar diplomacy," Britain stands little chance of ever balancing its international accounts and thereby becoming independent of American assistance. However, in spite of this, "dollar diplomacy" is not denounced as something immoral. It is merely criticized as something shortsighted even from an American point of view.

Air Transportation Progress

By ROGER W. BABSON

Mr. Babson discusses advances in air transportation and points out, despite recent severe plane crashes, safety in operations is increasing with new technical progress. Says time is approaching when certain airplane securities should be an attractive purchase.

In these days of helicopter taxicabs it is hard to believe that 75 years ago we could count on taking 12 to 15 minutes for going a mile by horse and buggy. Unless we could afford to spend four hours "commuting" each day, we did not live even ten miles away from our work; 20 miles was out of the question. Today, with modern transportation, it is not uncommon to live in one State and work each day in another.

Roger W. Babson

Old and the New

The automobile, now with us over half a century and still furnishing speedy transportation on the country highways, has already become slow and ineffective in many ways. For example, to get from the heart of Boston to its Logan Airport is now such an uncertain process by automobile that a helicopter has been making flights direct to the airport from a roof at the Boston Bus Center. The time involved has been between one and two minutes. A suburban delivery service by helicopter was started by one of Boston's department stores some months ago. Now, a fleet of air taxicabs is being predicted.

We are appearing to develop air transportation, useful in peace or war, on an immense scale. A new troop transport plane is planned to carry 50 tons of cargo or 400 troops. Without refueling, it will fly more than 8,000 miles. The future promises enormous planes which will "go through" in any weather, flying high above the storms because of their pressurized cabins.

Safety Increasing

The four recent severe plane crashes have dimmed the safety record of the airlines but remember that as of December, 1946, seven airlines in this country had a record of no deaths from accidents in the past decade. Our airlines know that their very existence depends on constantly reducing risk of accident. The National Safety Council announced in May of this year that not a single death occurred in 1946 during the scheduled passenger flights of 16 U. S. airlines.

They are on the way to better safety records with radar devices as an aid to landing and in preventing collisions. Recently, Howard Hughes of Trans-World Airlines, offered to put his new anti-collision safety device at the disposal of other companies as well as his own. A new type propeller will permit fast emergency stops. General Electric puts out a recorder which automatically records a flight. This will help to find out the cause of accident. It will reveal actions of the pilot and the plane. It is said that most recent plane crashes have stemmed from errors in human judgment. This means even greater care is needed in selection of pilots. For they must combine qualities of character, high skill and responsibility.

Health Regulations

Air transportation develops new health problems. Our health regulations can not be too strict. Just one flea, louse, or mosquito can carry such diseases as yellow fever, or typhus. We have heard in the past of the traveler to China returning with a rare Oriental disease. Today we are all open to foreign plagues. The Mexican importer who this spring brought smallpox into New York traveled by bus. Supposedly, he was examined by U. S. health authorities as he came into the country.

Infections in the very early stages are not easily recognized. Our health regulations and inspections must be especially strict in the future. For men and women on business or pleasure going from one country to another by rapid air travel can well be the carriers of infection.

Conclusion

So each development in transportation brings with it not only its technical problems of operation, but problems of human safety and health. In the small developments and in the million dollar researches it becomes our responsibility to see that scientific and commercial progress be directed more and more to the end of truly serving human health and happiness. The time is approaching when certain airplane securities should be an attractive purchase.

Edgerton, Wykoff Adds

Special to THE FINANCIAL CHRONICLE

LOS ANGELES, CALIF. — George E. Mellon is now connected with Edgerton, Wykoff & Co., 618 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Mellon was formerly with Holton, Hull & Co. and Longan, Dunn & Philleo.

Taft—Hartley Labor Law in Action

By HON. FRED A. HARTLEY*

U. S. Congressman from New Jersey

Co-author of new labor law defends its provisions as fair to both labor and management and as affording "last chance" for free collective bargaining. Asserts President now has authority to prevent nation-wide coal strike by immediately setting up an inquiry commission and instructing Attorney General to enter injunction suit. Says if law cannot prevent threatened strike he will introduce measure to outlaw nation-wide collective bargaining by applying anti-trust laws to labor contracts.

The Labor-Management Relations Act of 1947, adopted by Congress last week, gives this country a national labor policy which has been long overdue.

I know of no other piece of legislation within recent years which so definitely represents the expressed will of the overwhelming majority of the American people. Opinion polls, editorial opinion, the bulging mailbags of individual Congressmen and the Congressional elections of last November all registered a clear demand for constructive and realistic labor legislation.

Fred A. Hartley, Jr.

Public indignation and the demand for a new labor policy was fully justified by events. In fact, we can only wonder at the patience which the public exhibited while the Congress explored fully the complexities of labor-management relations.

At the close of the war, it was generally agreed that all was not well with labor-management relations. Indeed, even before the war many observers believed that the Wagner Act needed amendment and numerous bills had been introduced into Congress which were designed to correct the inequities and defects of NLRA. Believe it or not, even the AFL once favored amendment of the Wagner Act. Back in 1940, Representative Smith of Virginia introduced a bill amending NLRA which contained some provisions similar to those of the new law. The war put other proposals for labor legislation on ice. However, when the end of the war came, anxiety as to the soundness of Federal labor legislation was general.

Some crossed their fingers and hoped that self-control and responsible action on the part of labor and management would make up for the inadequacies of Federal labor legislation. The Labor-Management Conference of November, 1945 was an expression of that hope. The public heartily endorsed President Truman's effort to promote industrial peace through greater understanding between labor and management. The effort failed—largely, I believe, because of organized labor's stubbornness.

Three days after the adjournment of the Labor-Management Conference, President Truman spoke to Congress and urged the imperative necessity for labor legislation. At that time he said: "If the measures which I have recommended to accomplish these ends do not meet with the approval of the Congress, it is my fervent wish—and I am sure that it is the wish of my fellow citizens—that the Congress formulate measures of its own to carry out the desired objectives. That is definitely the responsibility of the Congress. What the American people want is action."

Unparalleld Wave of Strikes

Instead of labor peace which the country so desperately needed, the winter of 1945-46 brought an unparalleld wave of strikes. Basic industries, such as steel and coal, on which reconversion and economic stability depended, were tied up in strikes without regard to the public interest. Inept government interference revealed the inability of the national government to act properly in the public interest.

The railroad strike in May, 1946 further revealed the complete inadequacy of our Federal labor legislation. In the face of this threat to our national life, you will recall that President Truman proposed legislation drafting strikers into the Army. At that time the President again told the Congress that "the time has come to adopt a comprehensive labor policy which will tend to reduce the number of stoppages of work and

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*An address by Rep. Hartley before the National Association of Personnel Directors, New York City, July 1, 1947.

U. S. Declares Military Force May Be Necessary In Greece

Representative Austin tells UN Security Council Russian satellites' help to Greek guerrilla violate Charter and threaten international peace and security; and hence calls for prompt and decisive measures. Reminds Council that threat to peace or act of aggression calls for "enforcement action."

Through its representative at the Security Council's meeting at the United Nations June 27, the United States backed the Balkan Investigating Commission in charging that Yugoslavia, Bulgaria, and Albania have been using force against the territorial integrity and political independence of Greece, and that this constitutes one of the most serious matters ever to have been considered by the UN. "Although the Charter contemplates the pacific settlement of a dispute of this kind, we cannot overlook the fact that the Charter also contemplates enforcement action when a situation becomes aggravated to a sufficient extent to warrant it," was one of Mr. Austin's significantly "tough" declarations in a generally "tough" statement—the full text of which follows:

Warren R. Austin

Mr. Austin's Statement

The matter before the Security Council today is, in the opinion of my Government, one of the most serious which the United Nations up to this time has been called upon to consider. The action which the Security Council takes in this case will be of vital importance to all Member States of the United Nations and may be a decisive factor in strengthening the confidence of the world in the effectiveness of this body to deal with situations such as the one before us. To one country at least our action may represent the difference between life and death—between the opportunity to pursue a peaceful course of national reconstruction without fear and the loss of its freedom and independence.

In the common struggle during the war against the Axis, the Greek people sacrificed themselves unstintingly. Liberation found the country prostrate and devastated. Starvation and resistance to the occupying enemies had exacted heavy payments in resources and human lives. Communications were almost completely destroyed; normal economic life was at a standstill; government administration had been rendered ineffective in accord with the policy of the Axis occupying forces. After liberation there began the enormous and heart-breakingly slow task of nationwide reconstruction and rehabilitation. UNRRA and other foreign aid were able to prevent widespread starvation and collapse but were not sufficient in themselves to rehabilitate a country and people that had endured four years of cruel depredations. Bitter factionalism had been encouraged by the enemy.

In order to obtain assistance in the restoration of democratic political procedures, the Greek Government after liberation turned to France, Great Britain, the United States and the Soviet Union who at Yalta had pledged themselves to aid liberated countries in reestablishing political equilibrium. It requested these powers to assist in observing nationwide elections. Approximately 1,500 representatives of France, Great Britain and the United States spent two months in Greece at the time of these elections. This Allied Mission reported that the results represented the will of the majority of the Greek people, in spite of organized abstention of communist controlled EAM coalition.

Greek Request of Security Council

In a letter dated Dec. 3, 1946, the Greek Government requested that the Security Council consider a situation leading to friction between Greece and her neighbors who, it was charged, were lending support to guerrilla warfare in northern Greece against public order and the territorial integrity of Greece. The Greek Government requested the Security Council to investigate this situation.

The Security Council considered the Greek complaint during the course of seven meetings and on Dec. 19 by unanimous action resolved to establish a Commission of Investigation to ascertain the facts relating to the situation complained of by the Greek Government. This Commission was given broad authority to conduct its investigations within the territory of Greece and Yugoslavia, Albania and Bulgaria, and to call upon the Government officials and nationals of these countries for information relevant to its investigation. The Commission was invited to make any proposals that it might deem wise for averting a repetition of the border violations.

Work of Investigation Commission

This Commission was the first to be appointed by the Security Council to make an on the spot investigation. Because of the nature of the charges this Commission had a grave responsibility. The Commission met squarely this responsibility. It has been pursuing its investigation with vigor. Not only did the Commission obtain testimony from witnesses within the various countries but in order to cover as wide an area as possible and to hear the maximum number of witnesses, the Commission sent out investigating teams which operated while the main body was collecting evidence in Athens, Salonika, Sofia, and Belgrade.

Altogether, the Commission and its seven investigating teams heard some 256 witnesses or statements during the course of its work, and accumulated approximately 20,000 pages of evidence and other material. More than 3,000 communications were received by the Commission from various organizations and individuals.

Having completed its investigation in the first week in April, the Commission proceeded to Geneva where it spent approximately two months more in sifting the evidence and in drafting its comprehensive report.

The Commission's task in the preparation of this report was exceedingly difficult. As a member of this Council, I congratulate the members of this Commission and their staff on the results of their labors as expressed in their report. This report now makes it further steps toward the solution of the problem before it.

Greek Charges Substantiated

I have carefully studied this report. The facts elicited substantiate without a doubt the conclusions subscribed to by the majority of eight of the Commission's eleven members with respect to the Greek charges. The Greek Government charged that her northern neighbors were lending support to guerrilla warfare in Greece. The conclusion subscribed to by eight of the eleven members of the Commission in this regard was that "On the basis of the facts ascertained by the Commission it is its conclusion that Yugoslavia, and to a lesser extent Albania and Bulgaria, have supported the guerrilla warfare in Greece." An examination of the Commission's documentation clearly shows that although the representatives of Albania, Bulgaria and Yugoslavia denied the charges made by the Greek Government, the weight of evidence supported the charges.

These conclusions stated that assistance had been rendered in Yugoslavia to the guerrillas, taking the form of training refugees from Greece within the borders of Yugoslavia; recruiting and dispatching them to Greece for action with the guerrillas' units there, as well as supplying them for this purpose with arms, supplies, transport guides, hospitalization, etc., and providing an avenue of escape for guerrillas fleeing from Greek Government forces. At a camp at Bulkes in Yugoslavia, a specialized course was established designed to give theoretical and practical training in guerrilla warfare. At this camp the refugees were subjected to political indoctrination and propaganda looking toward the overthrow of the Greek Government.

These conclusions state that the Bulgarian Government provided aid to the Greek guerrilla movement, principally in the form of assistance in entering and leaving Bulgarian territory, in the provision of transportation for guerrillas crossing Bulgaria to and from Yugoslavia, and in hospitalization of guerrillas wounded in Greece. However, in certain instances Greek guerrillas were given arms in and near Sofia.

These conclusions state that Albania also had assisted the guerrillas. Prior to establishment in the Spring of 1946 of the course for guerrilla leaders in the camp at Bulkes in Yugoslavia, the Albanian Government had operated a camp at Rubig in which Greek refugees received political instruction as well as practical and theoretical military training. Albania had granted assistance to Greek guerrillas in the form of providing arms and ammunition as well as making available routes of entry, guides and liaison assistance for guerrilla groups returning to Greece from Albania and Yugoslavia.

Charter Violated

It is the duty of this body to consider carefully the significance of these facts in the light of the Charter of the United Nations. It is apparent that in committing such acts Yugoslavia, Albania and Bulgaria have violated some of the fundamental principles of this Charter. I would remind you of the purposes of the United Nations contained in Article 1, among which are:

"(1) To maintain international peace and security, and to that end . . . to bring about by peaceful means, and in conformity with the principles of justice and international law, adjustment or settlement of international disputes or situations which might lead to a breach of the peace;

"(2) To develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, and to take other appropriate measures to strengthen universal peace."

I also wish to call your attention to the obligations of Members in Article 2 to act in accordance with the following principles, among others:

"(1) The Organization is based on the principle of the sovereign equality of all its Members.

"(2) All Members, in order to ensure to all of them the rights and benefits resulting from membership, shall fulfill in good faith the obligations assumed by them in accordance with the present Charter.

"(3) All Members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice are not endangered.

"(4) All Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the Purpose of the United Nations."

I do not think that we should interpret narrowly the Great Charter of the United Nations. In modern times there are many ways in which force can be used by one state against the territorial integrity of another. Invasion by organized armies is not the only means for delivering an attack against a country's independence. Force is effectively used today through devious methods of infiltration, intimidation and subterfuge.

But this does not deceive anyone. Any intelligent person in possession of the facts cannot fail to recognize the use here of force, no matter how devious the subterfuge. We must recognize what intelligent and informed citizens already know. In supporting guerrillas in northern Greece, Yugoslavia, Bulgaria and Albania have been using force against the territorial integrity and political independence of Greece. They have in fact been committing the very kind of acts which the United Nations was designed to prevent, and have violated the most important of the basic principles upon which our organization was founded.

I am mindful of the fact that neither Albania or Bulgaria is a Member of the United Nations. This does not mean that they are not guilty of having used force in contradiction of the principles of the United Nations. The Charter has not overlooked the necessity of preventing the use of force by non-member states. I call your attention to Article 2 (6) which provides that the Organization shall ensure that states which are not Members of the United Nations act in accordance with the principles of the United Nations—I quote—"so far as may be necessary for the maintenance of international peace and security." In fulfilling its responsibility with respect to the maintenance of peace therefore, the Security Council must treat alike all states using force against the territorial integrity of another.

This, therefore, is the situation with which the Security Council is faced in the second year of its existence. The Greek Government has charged that her northern neighbors are supporting guerrilla warfare in Greece against her territorial integrity. The conclusions subscribed to by eight of the eleven members of the Commission stated that Greece's northern neighbors have in fact supported the guerrillas in northern Greece. A Member of the United Nations has violated the principles upon which this organization is founded. Two other states which no doubt look forward to the time when they may become Members of the United Nations have acted in con-

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Securities Salesman's Corner

By JOHN DUTTON

Every selling idea that works has as its basis a simple procedure. The time tested method of producing results in sales work is as follows (1) Get attention from qualified prospects; (2) Build confidence; (3) Offer something that will STIMULATE action.

There are all sorts of methods of doing these things. Sometimes a salesman will create business by using a variation of different approaches to the same problem but in order to be successful the three stages of a sale are always the same. Attention—confidence—stimulate action.

Sometimes a good sales-manager who knows how to work WITH his men can obtain exceptional results through a system of double-teaming on accounts that the salesman working by himself cannot achieve. In order to do this work effectively however it is necessary that the salesman have certain qualifications, some of which are as follows: He must follow leads. Lazy salesmen who expect their sales-managers to find the prospects, and then make the sales for them are a dime a dozen. They will never make a success selling securities or anything else. A salesman must be flexible in his approach. He must know how to build up the man in the office who is going to put in a few licks for him after he has taken the first step. You can always sell your firm, or your boss, or your partner in charge of research much more effectively than you can sell yourself. He must, like all good salesmen, have a sixth sense which enables him to qualify prospects, sift the wheat from the chaff, and know when to try for the order. Timing, in other words, is important here too. If you have one or two men in your sales organization with the above qualifications here is a selling campaign that has possibilities.

Advertise in your local papers or through the mails and offer either up to date statistical reports on holdings or portfolio analysis. Many investors who have been buying securities recently have incurred substantial losses and are naturally concerned about the outlook for the pets of yester-year that have become the not too welcome house guests of today. Go over the lists which you obtain and do a conscientious job of appraisal and analysis. This takes time but the comments you make and the type of reply you send to the prospect has an important bearing upon his reaction to your first contact with him. (This is the part of your campaign where you get attention and start to build confidence.)

Next your sales-manager should write or telephone the prospect and make certain comments about his list which are sound and should naturally be helpful to him. No direct selling is attempted at this stage of the preparation for the ultimate sale. All the sales-manager should attempt to do is build confidence and good will. Keep this up for about two or three weeks. By this time he is in a position to judge whether or not certain changes in the holdings can be suggested and he then has a SPECIFIC idea that should be put before the prospects. If it is possible for him to have had the prospect visit his office for consultation during this time so much the better.

The next step is a call by the salesman on the prospect. His approach is a variation of a simple theme. His vice-president suggested that he call to discuss a certain suggestion which his firm would like to present to the prospect. (This has already been worked out by the office before the call.) From here on the door has been opened, good will has been created and a certain degree of confidence established.

A salesman who knows his business can work back and forth between his prospects and his office, calling his sales-manager if need be on the telephone from the prospect's office or home, and sometimes by working together in this way it is possible to close business on the first or second call. It all depends upon how well the ground has been prepared before the call and how efficiently the salesman works in turning good leads like these into sales.

Another excellent result of such a plan is that you follow a set procedure of building up qualified leads and then turning them into customers. Advertising, pre-approach mailings and conversations on the telephone continually keep the salesman supplied with leads. Once such a plan is put into operation it can continue to function with few changes. The main idea is to get a sales-manager that can do his part and find salesmen who know how to accomplish their end of the job. It isn't something that can be learned in a day. Some men could take a campaign like this and do more business than they could ever accomplish in any other manner. One thing is sure—if you work it right—it will work. But it won't produce for those who would take excellent prepared leads such as these we suggest here and let them lay around in their desk to gather dust. If most salesmen put in half as much work for just one week as other men do in many other lines of endeavor they might learn something from such an experience and that is YOU GET OUT OF WHAT YOU DO EXACTLY WHAT YOU PUT INTO IT.

Complains Peruvian Bondholders Not Given "Square Deal"

(Continued from page 4)

Foreign Bonds or Securities in the United States" established the facts that (1) Peru received around 90% for the bonds and (2) that the bonds had been issued in a perfectly legal manner.

(2) They have been in default since 1932.

(3) In April, 1942, when the Peruvian Finance Minister visited Washington to negotiate terms for American financial assistance to Peru in connection with the war effort, he announced that some resumption of interest payments on the defaulted Peruvian bonds would be undertaken soon. He got the money but forgot the bonds.

(4) In 1945 Peruvian Finance Minister Carlos Montero on another mission to borrow made a similar announcement.

(5) $90,561,000.00 of the bonds have changed hands on the New York Stock Exchange in New York in the past five years at prices ranging from around 7 to around 34 and some of the bonds have undoubtedly been repatriated, because, Peru has had financial brains of a high order in her government for several years. The safety and certain profit in buying up its own obligations at such enormous discounts were too conspicuous to have been overlooked. Peru's neighbor, President Ortiz, cut Argentina's foreign debt in half by cleverly buying up the country's United States owned securities as their price fell on the New York Exchange, which was exactly what neighbor Gustavo had done in Chile. It is inconceivable that Peru's Financial Brains didn't notice that.

(6) Peru has had corrupt government, but Peru has enjoyed enormous profits from the war, and Peru was on the receiving end of the billions of dollars sent to South America for years in the Roosevelt-Hopkins hemisphere solidarity program.

(7) It is neither dignified nor creditable for Peru to boast of imposing government buildings, "improved economic and financial status," palatial homes, hotels, casinos, country clubs, night clubs, race tracks, boulevards and bathing beaches (read the magazines "El Arquitecto Peruano" and "El Turismo"), and to send jumping teams to participate in Madison Square Horse Shows, but when a poor foreign investor in its government bonds, who has waited patiently for 15 years asks for some payment, he or she being at a safe distance and impotent to help himself or herself, is given scant consideration.

If a sovereign country refuses to honor the terms of its external debt there is actually nothing that the individual bondholder can do about it, but look to his government, which in this case is the United States, for protection.

Some unknown factors are:

(1) How many bonds have been repatriated? Such information is necessary to establish amount of actual present debt.

(2) Who bought the $90 million referred to in known facts No. 5. The SEC has a large force engaged in examining transactions on the Stock Exchange and over the counter that could get the answer.

(3) What are Peru's actual current foreign trade and internal money balances?

(4) Is Ambassador Prentice Cooper fully informed on the subject and history of these bonds and is he supporting, as reported, the proposed disappointing (and unjustified by any supporting evidence) debt adjustment plan? If so, on what does he base his support?

(5) What can the Foreign Bondholders Protective Council, Inc., do now in view of Peru's recent offer direct to the bondholders?

(6) Will the U. S. approve the $25 million now desired from the World Bank, the $30 million from U. S. Export-Import Bank, plus additional loans later to Peru while the $85.7 million are in default?

(7) Why has Peru ignored the safeguards for some of its external loans?

Peru has more than three times as many square miles as California, but how many square people? A nation is no more entitled to "Something for nothing" than an individual and George Wolf, President, U. S. Export Co., was everlastingly right last October when he said:

"Certain is one thing, that we cannot go on lending if we are not to be repaid. Unwise international loans enrich neither the one who gives, nor the one who receives and they accelerate world misunderstanding."

I submit that it would be unwise, unjust, unfair, uncalled for and altogether reprehensible and dishonest for our Government to shovel out any more of the taxpayers' money to Peru until Peru settles her present debt on an equitable basis or proves that she cannot do so.

J. Reuben Clark, Jr., said in "American Journal of International Law," January, 1940:

"There is a certain fundamental difference between enterprises and investments made by Americans in the United States and the same sort of operations undertaken by them in foreign countries. Where the enterprise is domestic, the national wealth is not much concerned with who, among the people of the United States, shall gain or lose with reference to that enterprise. If 'A' loses to 'B' in such an investment, the property being still in the United States, the national wealth is not in any way impaired. However, where the American capital is invested in bonds of a foreign country the situation is wholly different. This bond investment is an outlay of the national wealth which is lodged in the foreign country. If the investment is not returned to the United States, the national wealth has been by that much depleted. For example, a foreign government borrowing a dollar and paying back 20¢ (on the theory that since the particular holder of the obligation at the time of payment had paid only 20¢ for it, the debtor should be able to wipe out his obligation by the payment of the 20¢), would deplete the national wealth by 80¢ for every dollar which had been originally invested."

It is high time our State, Treasury, or some other department do more for our taxpayers and less to them; to try to get back some of the tax money already loaned and stop pouring out more to nations that do not even say "thank you."

BERKELEY WILLIAMS.
302 E. Grace St.,
Richmond 19, Va.
June 27, 1947.

Schlosser & Fisher Are V.-Ps. of Blyth & Co.

Blyth & Co., Inc., 14 Wall Street, New York City, announces that Alvin J. Schlosser and Robert W. Fisher have been elected Vice-Presidents of the company.

Both have been with the firm for some time, Mr. Schlosser in the buying department and Mr. Fisher in charge of New York sales department.

Dreyfus Co. to Admit

Jerome K. Ohrbach will be admitted to limited partnership in Dreyfus & Co., 61 Broadway, New York City, members of the New York Stock Exchange, on July 10th.

Railroad Securities

The prospective merger of New York, Chicago & St. Louis (Nickel Plate) and Wheeling & Lake Erie took a long step forward late last week when the Interstate Commerce Commission granted the former permission to purchase from Chesapeake & Ohio its remaining stock interest in the Wheeling. The Commission specifically stated that the authority was granted in order to protect the Nickel Plate's interest in its subsidiary and to aid in consummation of a merger now under active consideration. Meanwhile, Mr. John W. Davin, President of Nickel Plate and Chairman of the Board of Wheeling & Lake Erie, said in Cleveland last week that a committee of directors of Nickel Plate appointed to study a merger had had one meeting.

Acquisition of the remaining Chesapeake & Ohio stock interest in Wheeling will give the Nickel Plate ownership of 68% of the subsidiary's stock. Nickel Plate already owns 246,145 shares of Wheeling common (part of it was purchased earlier this year from Chesapeake & Ohio), constituting 72.9% of the entire issue. Another 17.6% is owned by Pennroad Corporation, leaving less than 10% outstanding with the general public. Following consummation of the purchase recently authorized by the Commission, it will own virtually all—115,423 shares of the 116,093 shares outstanding—of the 4% non-callable prior preferred. Finally, it will own 16,458 shares of the 5½% convertible preferred out of a total of 102,140 shares outstanding. This convertible preferred is callable at par.

The control situation should make possible a fairly expeditious merger once negotiations are started. Treatment of the Wheeling convertible preferred presents no problem as the stock is callable at par in any event. As to the prior preferred, holders of only 670 shares will have to be dealt with and this could obviously present no great difficulty. Similarly, holders of only 27% of the common must be dealt with, and of this amount the bulk is held in one block. With respect to stockholders of Nickel Plate, 57% of the common is owned by Chesapeake & Ohio. The only real problem in negotiating a merger, then, would appear to be in devising an exchange of securities acceptable to holders of Nickel Plate preferred.

The Nickel Plate preferred (360,578 shares outstanding) is all publicly held. It is this group that was considered instrumental in blocking the earlier merger proposal in which the Chesapeake & Ohio, Pere Marquette, Nickel Plate and Wheeling & Lake Erie were all to be combined. The Nickel Plate preferred has accumulated preferred dividend arrears of $84.00 a share. Obviously, any plan of merger, involving as it will an exchange of securities, will have to provide for these dividend arrears. It is the opinion of many analysts that have followed the situation closely that an equitable and acceptable security exchange can be worked out for this preferred stock and its arrears without any material dilution of the present Nickel Plate common stock control by Chesapeake & Ohio.

Probably the growing realization that this merger may be worked out within the course of the current year has been a strong incentive for the recent increased activity, at advancing prices, of the Nickel Plate securities. Even without the merger prospects, however, this interest would be fully warranted on the basis of the wide earnings gains being realized by the company and its subsidiary. Last year Nickel Plate earned $15.44 a share on its preferred and, without allowing for dividend arrears, $10.09 on its common. For the five months through May 1947 preferred earnings amounted to $9.88 compared with only $0.36 a year earlier. Wheeling, which earned $8.18 a share on its common in 1946, reported an increase in net operating income to $2,784,387 for the first five months of 1947 compared with $685,527 a year earlier.

Nickel Plate preferred is now considered to be on a regular $6.00 basis although it is not expected that any attempt will be made to reduce the accumulations through cash payments. The full $6.00 was paid out of 1946 earnings ($5.00 of it was paid in January 1947) followed by distributions of $1.50 each in April and July, 1947, out of this year's earnings.

Must Respect Provisions of Labor Law: Truman

President, in statement read at news conference, calls on labor and management to exercise patience and moderation in accommodating themselves to Taft-Hartley measure. Promised careful selection of men for new offices provided in law.

At his news conference on June 26, President Harry S. Truman read the following statement with reference to the Taft-Hartley Labor Law:

The Taft-Hartley Labor Bill has been passed by Congress over the President's veto.


President Truman

I have expressed my objections to this legislation and my concern as to its effects. Nevertheless, it is now the law of the land. It has become law in accordance with the constitutional processes of our Government. We must all respect its provisions.

For my part, I want to make it unmistakably clear that, insofar as it lies within my power as President, I shall see that this law is well and faithfully administered. I have already received the assurances of the present members of the National Labor Relations Board that they will seek to give the new Act the fairest and most efficient administration within their power.

The persons who are to be appointed to the new offices created under the Act will be selected with the same objective. I regard it as of the utmost importance that persons be selected for these offices who have the confidence of management and labor, and who can be depended upon to deal fairly with both. Above all, they should understand the paramount interest of the nation as a whole.

Insofar as management and labor are concerned, there is a vital responsibility upon them to comply with the law in a spirit of tolerance and fair play. Neither management nor labor will achieve any long-range benefit by seeking to use the provisions of this Act to gain unfair advantage or to sustain arbitrary attitudes. It is in the interest of both to maintain steady production at fair wages while the effect of the new Act is being tested by experience. At this time, as at all others, they will serve their mutual welfare best by working together with full recognition by each of the legitimate rights of the other.

I call upon labor and management, therefore, to exercise patience and moderation in accommodating themselves to the changes made necessary by the Act. Industrial strife at this critical time can result only in economic dislocation injurious to all of us. If it should reach serious proportions it would threaten the stability of our economy and endanger the peace of the world.

We cannot afford such a result. It is our solemn duty to make every effort to maintain industrial peace under the provisions of the new law.

We must all do our part.

Truman Signs Rent Bill; 15% Increase Permitted

In Message to Congress, he calls it "lesser of two evils." Fears it will lead to substantial increase in rents and sharp increase in prices.

On June 30, just one day before the rent law was to expire, President Truman signed the new Rent Control Bill, and in a message to Congress said he did so merely because "it was the lesser of two evils." He attacked the measure as "a step backward" in the fight against inflation and sharply criticized the "voluntary" increase provision, which allows tenants to agree with landlords for a rent increase up to 15%, provided a lease is renewed for period extending throughout 1948.

"This is voluntary only so far as the landlord is concerned," the President stated. "Many tenants, however, will feel that there is no choice. The tenant will naturally fear that unless he enters into such a lease he will be subjected to even more exorbitant increases when rent control is ended. Whenever a vacancy occurs the landlord can refuse to rent except under a lease providing for the rent increase. Many landlords will press for rent increases whether or not there is need for adjustment. Severe hardship will thus be imposed on many tenants. The hardship will be particularly acute in the case of veterans, who comprise such a large portion of those seeking rental housing accommodations."

The President also criticized what he called "the virtual elimination of controls which have prevented the diversion of building materials from homes to nonessential and deferrable construction" and expressed the fear it may lead to further increases in building costs. In his message, Mr. Truman also reiterated his recommendation for further legislation to provide low rent housing and to encourage private investment in rental housing by Federal insurance.

John F. Reilly Is Partner in Marx Co.

Marx & Co., 37 Wall Street, New York City, members of the New York Stock Exchange, announce that John F. Reilly has been admitted to general partnership in the firm. Mr. Reilly, who has made his office with Marx & Co. since last April when he was elected to membership on the New York Stock Exchange, was formerly President of J. F. Reilly & Co. Inc., originally founded in 1933.


John F. Reilly

Marx & Co. also announces that Raymond deClairville, a member of the Stock Exchange, has retired as a general partner in the firm.

In addition to an office in and direct wire to Birmingham, Ala., the firm now has a direct wire from New York to Chicago's Straus & Blosser.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, FLA.—Carlton N. Baumgardner, Jr., and Jay George have been added to the staff of Merrill Lynch, Pierce, Fenner & Beane, Lincoln Building.

No American Imperialism!

(Continued from page 12)

capitalism; they benefit from capitalism. In short, they are capitalists.

I'm proud to be a believer in the American kind of capitalism. Our kind of capitalism is flexible, and can correct its faults. Under a total state system, the individual has no alternative but to adapt himself to the system. Under our kind of capitalism, the system can be shaped and adapted to meet the needs of the individual. I am proud to call myself a capitalist because ours is a participating capitalism which enriches the lives of the many instead of making just a few men rich. Our kind of capitalism is making the common man in the United States uncommonly happy and uncommonly prosperous.

Do I sound like a salesman for American capitalism? Let me assure you I'm not. It needs no selling. The United States is a success.

If Mr. Wallace can find any place on earth where the common man has more of the good things of life than in the United States, then Mr. Wallace is right, and I am wrong.

How can you call reactionary a nation so fanatical in its devotion to the ideal of individual liberties? One of the first American flags in our Revolutionary War was the emblem of a rattlesnake and a motto: "Don't tread on me!"

For ourselves, we insist on freedom of choice for the individual and we can't imagine taking away the freedom of action of anybody else. We don't want anybody to tread on us, and we hate to see anybody, anywhere, tread on anybody else.

Human life is precious in my country. It is cloaked with great dignity and great protections. In America, men are more important than machines. Human rights take precedence over property rights whenever they come in conflict. If Mr. Wallace can find any place on earth where the common man has more personal liberties and more individual freedoms than in his own United States, then Mr. Wallace is right, and I am wrong.

Let me take one final pot shot at this charge that the United States is reactionary.

I am afraid Mr. Wallace may have forgotten to remind you that his privilege to attack his own country even outside its own borders is one of the civil liberties and personal freedoms which belongs to Mr. Wallace and to me and to all Americans. Certain countries which Mr. Wallace considers progressive deny this freedom of expression. If Mr. Wallace had been a citizen of one of them he could not have returned safely after his attack on his own land. He would have had to become an ex-Vice-President in exile.

U. S. Not Headed for Collapse

Now let's examine Misconception Number Three—that the United States is headed for an economic collapse.

Mr. Wallace gave you a doleful picture of America's future, but how reliable an economic prophet has Mr. Wallace been proved to be? When he was Secretary of Commerce, Mr. Wallace predicted there would be eight million unemployed in the United States immediately after the war.

What happened was quite the contrary. Instead of having eight million unemployed, we had a manpower shortage, and employment in my country has moved steadily forward since the war to an all-time high.

I would be less than candid, however, if I didn't concede that so long as we have a dynamic, free, competitive capitalistic system, we are always going to have some ups and downs. Adjustments are normal in a free economy. They are natural in a dynamic economy.

But this you should know—and I doubt if Mr. Wallace mentioned it: Industry in the United States, management and labor and agriculture—the men who make the economic decisions—are economically conscious as never before. We learned something from our economic depressions of the 1930's. We have made certain definite moves by legislation to bolster our economy in slack times. We have adopted what we call a Full Employment Act, and when we did that, the United States abandoned the policy of complete *laissez faire*. In so doing, we combined private initiative with co-operative action. It marked the opening of a new chapter in our economic life.

Under the act, we have established a national council of economic advisors which keeps its fingers consistently on the pulse of the nation's business, checking every symptom and reporting its states of health to government and to the people. A comparable group has been established in the Congress of the United States to study and watch the nation's economic health and to recommend positive actions to make sure that ups and downs do not become booms and busts.

And by other actions, we have prepared more cushions against a sharp fall in business activity. We have adopted a program of liberal unemployment compensation; we have guaranteed bank deposits. We have adopted a social security system under which old age benefits are paid, and there is no doubt in my mind that the base of the system will be presently broadened to take in more and more people. We have minimum wage legislation, and we have stabilized ourselves against a collapse in agriculture by putting "floors" under the prices of farm products.

I am wondering if Europeans knew we had taken all these steps to avoid severe periodic depressions. I wonder if they knew how seriously we are tackling the problem of boom and bust. Mr. Wallace didn't tell you these things. But I want you to know them, because I want you to know the facts about my country. Briefly, the truth about the United States is this:

The United States has embarked on a foreign policy based on partnership and reciprocity. It wants to help free and independent nations help themselves. That is not the road to imperialism.

The United States is progressive, liberal and democratic; it has twice poured out its blood and its treasure for the ideal of individual liberties and freedoms. That is not the road to reaction.

The United States is building the greatest system of participating capitalism the world has ever seen. That is not the road to economic collapse.

I have tried to dispel the great misconceptions which Mr. Wallace has planted steadily in the course of his grand tours because those misconceptions damage the moral standing of America in the world and hurt the cause of peace and recovery.

American business men are eager to help the business men of Europe. Our great, dynamic labor unions—one of the great strengths of our kind of capitalism—are conscious of their fellow workers' problems in Europe; our great agricultural organizations feel kinship to the farmers of the older world.

We are conscious that when men are hungry and cold, when life is a constant struggle for bare existence, bread takes precedence over freedom. We are conscious that the immediate job is to provide bread so that men will not be forced to trade away their freedom.

Free men and free nations are our ultimate goal. It is the goal we must everlastingly seek with all our ingenuity, with all our resources, with all our might. Even the fact that our economic systems differ is no barrier to building a united freedom front.

Issue Not Capitalism vs. Communism

Don't let anybody tell you that the only great issue today is capitalism versus communism. That's important, but it's not the whole story. The supreme issue of the hour is the secret ballot versus the secret police; free men versus enslaved men; freedom of action versus a return to something worse than fuedalism.

Bank of Mexico Ends Gold Sales

On June 25, it was announced that the Bank of Mexico, at the solicitation of Camille Gutt, Managing Director of the International Monetary Fund, of which Mexico is a member, has suspended the sale of gold coins, a practice which afforded considerable profit.

Mexico sometime ago suspended sale of gold in bars, but continued the minting of 50-peso coins which were sold in dollars at a price equivalent to $39.53 an ounce for gold, compared with a $35 price at the United States Treasury. At intervals these gold coin sales were suspended on the ground that demand was so great that the Mexican mint could not keep up with the demand.

While gold is reported to have been selling in the Orient as high as $83 an ounce, the profit of the supplier of the metal was far less than indicated by the price. Payment for the gold had to be in dollars and because of restrictions and other difficulties dollars were not available at the official exchange rate. The "black market" had to be used to get the dollars and substantial premiums had to be paid for them. It is believed that the net profit of the shipper probably averaged no more than 4% to 5% on gold transactions.

The Bank of Mexico, though making a large profit on gold coin sales in the past year, states it facilitated such sales as part of the bank's plan to stop speculators from smuggling gold out of the country.

Canadian Securities

By WILLIAM J. McKAY

Although the general outlook still gives little cause for optimism there are incipient indications that tend to minimize the gloom as far as the Canadian situation is concerned.

The Dominion export figures for May, which incidentally have not received the publicity which had been given to those for the earlier unfavorable months, are in themselves highly encouraging. The total of $267,800,000—constitutes a postwar high level for this month and registers a sharp advance of $77,000,000—over the April figures. It is also a feature of the Canadian course of foreign trade that commencing with May the export volume increases to a marked degree throughout the summer and fall months in striking contrast to the winter months. This seasonal boost is further accentuated by the important invisible export of the tourist traffic which this year should attain unprecedented dimensions. Thus there is still no evidence of any recession in the Canadian war-stimulated economy.

There still remains, however, the unfavorable factor of imbalance between exports to hard and soft currency countries, although the May figures show an upward trend of exports to this country and the total of approximately $80 millions makes favorable comparison with the $72 millions of the same month last year. The solution of this problem is still of paramount importance both to this country and to Canada. With the failure of the Geneva Conference to arrive at any far-reaching conclusions concerning the lowering of tariff barriers generally, it is more than ever necessary for this country to demonstrate in the case of its best customer, Canada, that definite steps will be taken to relieve to some degree the urgent U. S. dollar scarcity situation.

Once more U. S.-Canadian cooperation can serve as a world example. The position in this instance, moreover, is by far the simplest to correct. This country with a population eleven times that of Canada imported last year from Canada goods to the value of only $900 millions whereas Canada's total of imports from this country amounted to $1,400 millions. Even in the absence of a revised Hyde Park Agreement U. S. tariffs and customs procedures could be modified to permit the freeer entry of Canadian goods, and Canada is one of the few countries in the world that has exportable surpluses. Moreover, with the stimulus of freer access to U. S. market Canadian production would be increased. In this connection also Canada provides the ideal proving ground for such a policy as the Dominion has unrivalled virgin resources which only require a ready market to set in motion another great era of Canadian economic development.

On the financial front also there are welcome signs of improvement. Rebuffed by the unyielding attitude of Ottawa concerning the status of the Canadian dollar and the statement issued by the International Monetary Fund regarding the world price of gold, confidence in existing currency parities and notably that of the Canadian dollar is commencing slowly to be restored. There is also now less inclination to view the date for the general convertibility of sterling as a fateful dead line as it is now expected that this development will cause no untoward repercussions. It can not be over-emphasized, however, that a new far-reaching U. S.-Canadian commercial agreement would serve to revive universal confidence in the successful outcome of this country's efforts to restore the world's economic well-being. Moreover, the immediate constructive results of such a step would do much to encourage European efforts to bring about the consummation of the Marshall Plan.

During the week the external section of the market broke away to some degree from the apathetic pattern of recent months, and there was increased demand for those securities which are now eligible for purchase by New York Savings banks. Offerings, however, were scarce in view of the greatly diminished supply of these issues as a result of large scale redemptions and maturities over the past few years. Internals remained steady and unchanged and the free rate despite offerings in connection with the Montreal Light Heat and Power call also held its ground in the neighborhood of 8½%. Canadian stocks were reactionary and golds especially registered declines. Western oils have now replaced the golds as the speculative medium following encouraging reports concerning the new Leduc oil field in Alberta which is considered the most important Canadian oil development since the discovery of the Turner Valley field in 1936.

Thomas Gravatt Joins Newburger & Hano

PHILADELPHIA, PA.—Thomas B. Gravatt, for 15 years an officer of the Philadelphia Stock Exchange, has become associated with Newburger & Hano, 1342 Walnut Street, members of the New York and Philadelphia Stock Exchanges, as a registered representative.

The Taft-Hartley Act

(Continued from first page)

important union tactics as the strike, the boycott, and featherbedding; to the reorganization of the National Labor Relations Board; and to the establishment of a Joint Congressional Committee to make further studies of labor relations in industry.

Coverage of the Act

The Act has a broad coverage in the field of labor relations: Employers and employees whose labor relations affect interstate and foreign commerce, as well as labor organizations affecting such commerce, are subject to the terms of the statute unless specifically exempted.

Employers specifically exempted from terms of the law include the Government of the United States, wholly-owned Government corporations, Federal Reserve Banks, the States and their political subdivisions, non-profit hospitals, and employers subject to terms of the Railway Labor Act.

Employees specifically exempted include individuals employed in agriculture, in enterprises subject to terms of the Railway Labor Act, and in domestic service in the home; those persons employed by a parent or spouse; those employed as supervisors; and those persons having the status of independent contractors.[2]

Union Membership

Except in cases of validated union-shop contracts—which are authorized under certain conditions—workers, under terms of the Act, have the right to join or to refrain from joining a labor organization. Consistently with this declared right of the workers, the statute declares it to be an unfair labor practice for an employer or a union to restrain or coerce workers in the exercise of their right to join or to refuse to join a union.

The Act forbids the **closed** shop contract, which compels union membership as a prerequisite to employment. However, under certain conditions it permits the **union** shop, which, under terms of this statute, may require joining of the union within 30 days after a worker obtains a job in a field of employment covered by a union-shop contract or 30 days after the contract becomes effective, whichever is the later date.

A number of limitations apply to the use of union-shop contracts. Such contracts are not authorized in any state or territory in which state or territorial law prohibits them. Evidence of a desire for a union shop by 30% or more of the employees is required before a "union-security" election may be held, and in such an election (held by secret ballot under supervision of the NLRB) favorable vote of a majority of the employees in the bargaining unit (not merely of those voting) is required in order to authorize use of the union-shop contract. The union obtaining such a contract must be the lawful bargaining representative of the employees. Furthermore, such a contract may not be used to effect a discharge of a worker who has been denied union membership on the same terms and conditions as other members, or who has been denied membership or expelled from the union for reasons other than failure to pay the regular fees and dues of the union.

Reconsideration of the continued use of a union-shop contract may be had, after one year has elapsed from date of the last union-shop election, by petition of 30% or more of the employees.

Union Management and Responsibility

The new law includes a number of provisions which affect the management and responsibility of unions.

[2] Self-employed contractors were held by the Supreme Court, in one case, to be subject to the NLRA as "employees."

Before a union may acquire any rights under the Act it must register with the Secretary of Labor and provide information pertaining to its officers, their compensation and the method of electing them; the union's dues and fees; a copy of the union's constitution and by-laws; and complete reports of its finances. Such information must be kept up to date by annual reports. Also, information must be filed by any national or international union of which a given filing union is a constituent or affiliate. Financial reports must be submitted by the union to its membership.

Unions which hold union-shop contracts are subject to Government regulation of their initiation fees. No specific maximum is stated for such fees but they may not be excessive or discriminatory. The NLRB is to decide, in any case, whether a union's initiation fees are excessive or discriminatory.

Check-off of union dues is permitted only in case of written authorization from each employee whose dues are to be paid in that manner. Such an authorization is revokable, by the employee, at the end of one year or the termination date of the applicable collective bargaining agreement, whichever is the earlier date.

Health and welfare funds of unions are subject to detailed regulations limiting the use of such trust funds to the sole benefit of employees or their families and dependents; limiting the purposes for which payments may be made out of such funds; requiring the placing in a separate trust fund of any payments to be used for providing annuities or pensions for employees; requiring specification, in a written agreement, of the detailed basis of payments out of such funds; and requiring administration by a body representing employers and employees equally and such neutral persons as employer and employee representatives may agree upon.[3]

To prevent "shake-downs" of employers by union representatives, the law prohibits an employer to pay to a representative of any employees in an industry affecting commerce any money or other thing of value, and prohibits its receipt by such representative. Exceptions are allowed to cover health and welfare funds, check-off of union dues, and certain other specified cases of legitimate payments. Wilful violation of the law in this regard subjects the violator to a fine, upon conviction, of not more than $10,000 or imprisonment up to one year, or both.

Section 313 of the Federal Corrupt Practices Act is amended in such manner as **to tighten up the provisions against political contributions by unions** (and corporations). The amended law prohibits labor organizations from making any **contribution or expenditure** in conection with any election to political office, or in connection with any primary election, political convention, or caucus held to select candidates for political office.

Provisions are included in the law **to prevent Communists and others who advocate change in the Government by unconstitutional methods from serving as union officers.** Before a union may acquire any rights which it may exercise under terms of the law, its officers—and officers of any national or international union of which it is a local or affiliate—must file with the NLRB affidavits stating (a) that they are not members of or affiliated with the Communist Party and (b) that they are not believers in or adherents of any organization which believes in or teaches overthrow of the Government of the United States by means of force or any illegal or unconstitutional methods. Falsification in such affidavits is punishable as a crime.

[3] Funds created by collective agreement prior to 1946 are not affected by the provisions regulating their administration.

The Act also includes provisions intended to make unions legally liable for their acts. Section 301 provides that any labor organization subject to the law may sue or be sued **as an entity.** Any such labor organization is declared to be legally bound by the acts of its agents. Suits for violation of any contract between an employer and a union subject to the Act, or between unions subject to its terms, may be brought in any district court of the United States having jurisdiction, without regard to the amount in controversy or the citizenship of the parties. Any money judgment against a union, however, may be enforceable only against the union as such and its assets—and may not be assessed against the assets of the individual members of the union.

Obligations to Bargain Collectively—Change from Wagner Act

The National Labor Relations Act of 1935 declared it to be an unfair labor practice for an employer to refuse to bargain collectively with the duly authorized representative of a majority of the employees in an appropriate bargaining unit. The 1947 Act continues this obligation of the employer, except that under its terms the employer is not required to (but may, if he chooses) bargain collectively with supervisors.

The Act of 1935 did not specify unfair labor practices for unions. In the new law, however, such a specification is made and among those unfair labor practices listed for unions is one which declares it to be an unfair labor practice for a labor organization or its agents to refuse to bargain collectively with an employer, provided the organization is the certified bargaining representative of his employees.

The Collective Bargaining Unit

Under the original NLRA the determination of an appropriate collective bargaining unit of workers was assigned as a function of the NLRB. The statute authorized the Board, in any given case, to select (from among the employer unit, craft unit, plant unit, or subdivision thereof) an appropriate unit.

As amended under the 1947 provisions, the statute now involves additional limitations on the selection, by the Board, of an appropriate collective bargaining unit. Professional employees may not be grouped in a bargaining unit with non-professional workers without consent of a majority of the professional workers. Neither shall the Board disapprove a craft unit as an appropriate bargaining unit on the ground of disapproval by previous Board ruling, unless a majority of the employees in a proposed craft unit vote against separate representation. Finally, individuals employed to guard the property of an employer or to protect the safety of persons on an employer's premises may not be represented in bargaining by a union which has members other than guards.

Collective Bargaining Duties

The amended National Labor Relations Act (Title I) outlines rather carefully the duties of the parties in carrying on the functions of collective bargaining. It is stated to be the mutual obligation of the employer and the representative of his employees to meet at reasonable times and confer in good faith with respect to wages, hours, and other terms and conditions of employment, or the negotiation of an agreement

or any question arising under such an agreement. The obligation to bargain, however, does not require either party to agree to a proposal or to make a concession.

There is an obligation to place in writing the terms of any collective agreement arrived at if either party makes such a request.

Neither party to a collective bargaining contract which is in effect shall terminate or modify such contract unless the party desiring termination or modification—

(1) Serves written notice upon the other party of the proposal 60 days prior to termination of the contract or, if the contract does not have an expiration date, 60 days prior to the proposed date of modification or termination.

(2) Offers to meet and confer with the other party for the purpose of negotiating a new contract or a contract with the proposed modification;

(3) Notifies, within 30 days after such written notice of a dispute, the Federal Mediation and Conciliation Service and any state or territorial mediation services in the area of the dispute unless an agreement has been effected; and

(4) Continues in force and effect—without strike or lockout—all terms of the existing contract for a period of 60 days after filing notice or the expiration date of the existing contract, whichever is later.

It is an unfair labor practice for the employer to lock out his employees within the 60-day period and for a union to call a strike within this period. Employees who participate in a strike during this period lose their status as employees of the employer in the dispute until such time as they are re-employed by him.

The original Wagner Act specified a list of unfair labor practices which were prohibited to employers subject to the law. These practices included:

(1) Interference with, restraint, or coercion of employees with respect to collective bargaining rights;

(2) Domination or interference with, or financial support of a labor organization;

(3) Encouragement or discouragement of membership in a labor organization by discrimination in regard to hire or tenure of employment or any condition of employment;

(4) Discrimination against an employee because of testimony he has given under the Act; and

(5) Refusal to bargain collectively with representatives of his employees in an approved bargaining unit.

The amended Act continues these unfair labor practices for employers. The law, on the other hand, differs in several ways from the Wagner Act with respect to employer rights and liabilities. Under terms of the amended statute, freedom of expression of employers on labor matters is given specific statutorial protection except when such expression contains a threat of reprisal or force, or a promise of benefit. Also, employers are stated to have no obligation to recognize, or bargain collectively with, supervisors' unions. In addition, employers are given the right to petition for investigations of employee representation; to sue unions for damages resulting from violations of collective bargaining contracts and certain concerted activities; and to file charges of unfair labor practices against unions.

Unfair Labor Practices of Unions

The amended NLRA differs in a very important way from the original law by specifying a number of prohibited unfair labor practices for labor organizations. The original statute listed unfair labor practices only for employers.

Under the amended law several practices of unions are designated as unfair labor practices. The law declares it to be an unfair labor practice for a union or its agents—

(1) To restrain or coerce employees in the exercise of specified rights to participate in or to refuse to participate in collective bargaining activities;[4]

(2) To restrain or coerce an employer in the selection of his representatives for the purposes of collective bargaining or the adjustment of grievances;

(3) To discriminate against an employee (in case of a union-shop agreement) whose membership in the labor organization has been denied or terminated for reasons other than refusal of the worker to pay uniformly required fees and dues;[5]

(4) To cause or attempt to cause an employer to discriminate against an employee in violation of the anti-discrimination section of the statute;

(5) To refuse to bargain collectively with an employer;

(6) To engage in, or to induce or encourage the employees of any employer to engage in, certain prohibited strikes and boycotts;

(7) To require excessive or discriminatory fees of members, if the union operates under a union-shop contract; and,

(8) To cause or attempt to cause an employer to pay or deliver, or to agree to do so, an exaction for services not performed or not to be performed.

Unfair Labor Practice Procedure

The National Labor Relations Board continues, under the amended NLRA, to be the primary agency for administering unfair labor practice cases. General counsel to the board, however, is given an important and independent status in the prosecution of such cases. Also, injunctions of the courts assume a more important role under the amended statute.

Considerable change has been

(Continued on page 22)

[4] Except when a union-shop contract, as authorized, requires union membership.

[5] Refusal to pay such fees is the only authorized reason for denial or termination of membership.

The Taft-Hartley Act

(Continued from page 21)

made in the Board's organization and procedure. Two additional members are added to its personnel. The Board's review division has been abolished and certain other changes made to assure that its final decisions represent the independent judgment of the board members. In an effort to effect a greater separation of prosecuting and judicial functions, the board's General Counsel—to be appointed by the President—is assigned final authority for investigation of charges, issuance of complaints, and prosecution of unfair labor practice cases before the board.

In an attempt to lighten its case load, the board is authorized to cede jurisdiction over cases to State and Territorial agencies, subject to two conditions. (1) Jurisdiction can be ceded in cases arising in mining, manufacturing, communication, and transportation only when the employer's operations are predominantly local in character. (2) Also, jurisdiction may be ceded only if applicable provisions of State or Territorial law and rules for deciding cases are consistent with procedure of the Federal law on this subject.

Some provisions of the amended law are intended to "tighten up" the board's procedure in unfair practice cases and court review of its decisions. The law directs the Board, so far as practicable, to follow the rules of evidence employed by Federal district courts in civil procedure. Also, the Board is authorized to issue cease and desist orders or take affirmative action to effectuate the policies of the law only if the Board shall be of the opinion—upon the **preponderance** of the testimony—that an unfair labor practice has been committed. Courts, in reviewing decisions of the Board, are to treat the Board's findings of fact as conclusive if supported by **substantial** evidence on the record **considered as a whole** rather than, as before, "if supported by evidence."

The amended statute places a six-month limit on the filing, by a person, of a charge that an unfair labor practice has been committed. That is, filing of such a charge must be effected within six months after occurrence of the alleged unfair labor practice (except in case of a person having been prevented by service in the armed forces from adhering to such a time limit).

Injunction procedure is authorized in specified situations involving unfair labor practice cases in which speedy handling of the case is needed to prevent irreparable injury.

The amended law imposes several additional functions on the Board in addition to consideration of unfair practice charges made against unions. Included in these new functions are the conducting of union shop elections, determining the reasonableness of union initiation fees levied by a union with a union-shop contract, hearing and deciding cases of those jurisdictional disputes defined as unfair labor practices in the statute, and conducting elections to determine whether employees involved in a national emergency dispute wish to accept the terms of an employer's last offer.

The new labor law introduces some important restrictions on the use of strikes, lockouts and boycotts.

Participation in strikes against the Government, or any of its agencies or wholly-owned corporations, **is prohibited.** Any employee participating in such a strike shall (a) be discharged immediately, (b) forfeit his civil service status, and (c) be ineligible for re-employment by the Government or its agencies or corporations for a period of three years.

"National emergency" strikes and lockouts are made subject to court injunction. Federal district courts are authorized to issue injunctions for a maximum of 80 days against threatened or existing strikes or lockouts involving an entire industry or substantial portion of it (affecting interstate or foreign commerce) if, in the judgment of a court, the strike or lockout would imperil the national health or safety.

Strikes and boycotts for certain purposes are made illegal. They are unlawful if an object of the action is to force or require—

(a) any employer or self-employed person to join any labor or employer organization;

(b) any employer or other person to cease using, handling, or dealing in the products of any other producer, processor, or manufacturer;

(c) any employer or other person to cease doing business with any person;

(d) any **other** employer to recognize or bargain with a labor organization as the representative of his employees unless the union has been certified by the NLRB;

(e) **any** employer to recognize or bargain with a labor organization if another has been certified under the law;

(f) any employer to assign work to employees in a particular labor organization or trade, craft, or class of work rather than another labor organization, trade, craft, or class of work—**unless** an employer is failing to abide by a jurisdictional award of NLRB.

Strikes and boycotts for the purposes mentioned are unfair labor practices, under the amended NLRA, and are also declared unlawful under a new section of the law. The NLRB may seek injunctions against them and any damaged party may bring suit in the courts to recover damages and costs of the suit.

Strikes, also, are illegal during a 60-day "cooling off" period prior to the termination of a bargaining contract. Furthermore, strikes of a union in violation of a no-strike clause in a bargaining contract apparently subject the union to injunction procedure as well as damage suits.

A special procedure is outlined for the settlement of threatened or existing strikes or lockouts which—when affecting all or a substantial part of an industry—imperil the national health or safety. In such cases the following procedure is authorized:

(1) appointment, by the President, of a board of inquiry to investigate the dispute and to report to him the facts and the positions taken by the parties in controversy;

(2) filing of the report by the President, with the Federal Mediation and Conciliation Service and, also, the making public of its contents;

(3) petition, by the President, for a court injunction against the holding or continuation of the strike or lockout;

(4) continuation of efforts of the disputants during the period of any injunction granted, and with assistance of the Federal Mediation and Conciliation Service, to arrive at a settlement;

(5) a second report, by the board of inquiry—if the controversy is not settled 60 days after issuance of an injunction—giving to the President the efforts made at settlement, the positions of the parties, and a statement of the last offer by the employer or employers;

(6) the making public, by the President, of this second report of his board of inquiry;

(7) the taking, by the NLRB, of a secret ballot, within a 15-day period, of the employees to determine whether they wish to accept the last offer of the employer;

(8) certification, by the NLRB, to the Attorney General of the results of the ballot within a period of five days (following the 15-day period);

(9) motion by the Attorney General—upon receipt of this ballot or settlement of the dispute, whichever is earlier—for discharge of the injunction, and its discharge by the court; and, finally,

(10) a comprehensive report to Congress, by the President, upon discharge of the injunction—together with any recommendations for action of the Congress.

The Act removes the Conciliation Service from the Department of Labor and makes of it an independent agency, under administration of a director appointed by the President, to be known as the Federal Mediation and Conciliation Service.

The Service may proffer its services in any labor dispute which, in its judgment, may cause a **substantial** interruption of interstate or foreign commerce. The Service is directed, however, to avoid attempting to mediate disputes which only affect commerce in a minor way, if State or other conciliation services are available to the parties. Failure of either party to a dispute to agree to any procedure suggested by the Service is not to be considered a violation of any obligation under the law.

The Act creates an advisory panel—the National Labor-Management Panel—to advise, upon request of the Director of the Mediation and Conciliation Service, on avoidance of industrial controversies and the manner of administering mediation, particularly with reference to disputes affecting the general welfare of the country. The Panel is to consist of 12 members appointed by the President for terms of three years. Half of the members shall be outstanding in the field of management and half shall be outstanding in the field of labor.

The Act provides for further study of the problems of labor-management relations by a joint committee of the Congress, of 14 members, 7 from the Senate Committee on Labor and Public Welfare and 7 from the House Committee on Education and Labor.

The Joint Committee is to make a report on the results of its investigations, with any recommendations, by March 15, 1948, and a final report by January 2, 1949.

The Joint Committee is authorized to make a thorough study of the entire field of labor-management relations, but is directed to include in its studies—

(1) means of securing permanent friendly cooperation and stability in labor relations;

(2) means by which the worker may achieve greater productivity and higher wages (including guaranteed annual wage and profit-sharing plans);

(3) the internal organization and administration of unions;

(4) the labor relations policies and practices of employers and employer associations;

(5) the desirability of employee welfare funds and their relation to the social security program;

(6) the best methods and procedure for carrying out collective bargaining processes, with special study of the effects of regional or industry-wide bargaining; and,

(7) the administration and operation of existing Federal laws relating to labor relations.

Conclusions

The general point of view from which the 1947 Act is written is that there is need for establishing legal standards of responsibility for unions as well as employers in the field of labor-management relations. This point of view seems fully justified by various irresponsible actions of powerful unions and their leaders.

The strong opposition of union leaders to the law is similar, in cause and significance, to the opposition displayed by employers to the Wagner Act. No doubt organized labor will bring numerous test cases in the courts, as was done by employers after enactment of the Wagner Act.

The new labor relations statute is a very complex law: Its full meaning and effects, therefore, will not be apparent until its provisions have been tested by their use and interpreted in administrative rulings and decisions of the courts.

The policy of prohibiting the **closed** shop and permitting the **union** shop only under certain safeguards against its abuse is, in the writer's judgment, a justifiable change from the Wagner Act policy of allowing any certified union to employ closed-shop agreements without restriction. The closed shop constitutes a real threat to workers, employers, employment, and general economic welfare.

Provisions of law are needed to cause unions to be more responsible institutions—with respect to their own management and, also, in their dealings with others. Provisions of this statute relative to suability of unions, the filing of information and financial reports, use of the check-off, and certain other appropriate sections should encourage greater responsibility. These provisions are no more exacting—if as exacting—as like provisions of several State laws.

The specified bans on the use of strikes and boycotts for certain purposes in private employment is an attempt to limit the "unreasonable restraint" activities of unions and their jurisdictional controversies. The general objective of the provisions, in the writer's judgment, is justifiable.

Failure of Congress to adopt a clear and definite policy on the question of regional or industry-wide bargaining results, in the writer's opinion, in a significant shortcoming of the new labor law. Development of regional and industry-wide collective bargaining adds greatly to impairment of competition and enhances the dangers of strikes in basic industries. It should be noted, however, that the statute directs the Joint Committee of Congress to make further studies of this question.

The procedure outlined for dealing with national emergency stoppages—investigation, reports, limited-period injunctions, and mediation—may tend to reduce work stoppages which threaten national health and safety. The writer is doubtful, however, that the outlined procedure will prove adequate to deal with this problem in a very effective manner.

Establishment of the Joint Committee of Congress to make thorough studies of certain major problems in the field of labor-management relations should provide a very comprehensive body of information for guiding the Congress in making any needed changes in labor relations law.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

Prices of restricted bonds continue to make new lows for the year on light volume. . . . Certificates, too, have an easier tone. . . . The market has been tossed around by a combination of factors of which "Open Mouth Operations" were again not the least important . . . . The authorities are supplying the market with securities in somewhat smaller doses, because of the decreased demand. . . . Nonetheless, the powers that be are ready to hit bids, whether large or small, whenever it seems as though there would be improvement in prices. . . . There is no doubt that the money managers are intent upon keeping quotations within specific trading limits, with the lower limits of this range, the unknown quantity. . . .

HOW FAR DOWN?

What interests the money markets now is the extent to which the authorities will push prices down before there will be relief from the pressure of Federal selling. . . . There are about as many opinions on this part of the picture as there are followers of the market. . . . The guesses run all the way from the recent lows to 100½ for the longest restricted issue. . . .

The idea or feeling that the authorities want quotations to recede farther has injected another element of uncertainty into the situation. . . . As a result it does not take as much selling now by the money managers to move prices down as it did a few weeks ago. . . . Investors in some instances have been pulling bids before they have bought all of the securities they are looking for. . . .

Scale purchases have been made by quite a few institutions but this no longer seems to be the scheme of things. . . . Despite the need for income, more investors appear to be moving to the sidelines, until there is a clearer conception of where the authorities are going to take prices on the down side. . . .

INVESTORS IDLE

There is no doubt a level beyond which the powers that be cannot afford to have prices go, because there is too much at stake to have this happen. . . On the other hand, investors are not interested in buying securities and, almost immediately after the purchase, have quotations move down. . . . Quick losses in government commitments are not conducive to even support buying, especially if there is the fear that there will be greater depreciation in the very near future. . . . Because of this growing uncertainty more investors are putting out of the market and are quite likely to stay out of it until there are signs that a bottom has been reached. . . .

MONEY MANAGERS ACTIVE

The keeping of prices within desired limits that are believed favorable to the money markets should have a good effect upon government obligations in the long run, particularly after trading ranges have been established. . . . Nevertheless, there appear to be rumblings over the way in which the liquidation of securities by the authorities is being carried out. . . .

It is believed in some quarters that closer cooperation between the money managers, investors and dealers could iron out some of the price movements that have been witnessed recently. . . . There have been many instances when buyers have appeared in the market and quotations have gone up a few thirty-seconds, because of this demand. . . . After the securities have been purchased and bids are still around, the powers that be get active, hit these bids and down go prices. . . .

It seems as though quotations could have been kept pretty much on an even keel and the investor would have received a better price for the issues bought if the demand had been supplied in the first place by the money managers. . . .

RUMORS ABOUND

The money markets are still being given liberal potions of "Open Mouth Operations" especially those that are concerned with impending or not too distant changes in short-term rates as well as a new offering of greatly restricted securities. . . . These rumors have their effects on prices of Treasury obligations, particularly at times like these when there is so much nervousness in the market. . . . The arguments for and against these events taking place can be quite convincing on both sides. . . .

Nonetheless, it is evident that the powers that be have been very successful in keeping prices well in hand without giving more than lip service to these proposed developments. . . .

Because of the effectiveness of present policies, many are of the opinion that they will be carried on for some time to come, without important changes. . . . "Open Mouth Operations," it seems, will continue to be a vital part of this program. . . . Others, however, look for a change in the bill rate within the next few days. . . .

REFUNDING CONTINUES

Refunding of maturities in notes and bonds due this year and next still goes on, with the 2s due 1952/54 and the 2¼s due 1956/59 the issues that are being taken on in place of the near-term securities. . . . Scale buying by savings banks appears to have been given up for the time being. . . . Insurance companies are pretty much on the sidelines although there is some liquidation of the intermediate-term eligibles. . . .

INSIDE THE MARKET

The New York State Insurance fund was a sizable buyer of the Victory Loan 2½s. . . . Part of these funds came from the sale of New York State bonds. . . . A large block of the 2½s due 1959/62 were sold recently by the State of Oklahoma, with no apparent ill effects upon the market. . . . The World Bank bonds will be the next important financing to come into the market with a very good reception indicated. . . .

Out-of-town commercial banks have been shifting from the 2½s due 1956/58 into the 2¼s due 1956/59 and the 2½s due Sept. 15, 1967/72. . . . Industrial concerns are reported to be letting out some of the Vic 2½s because of the need for funds in their own business.

American Cyanamid Co. Preferred Stock Sold

Of the total issue of 391,076 shares of American Cyanamid, 3½% convertible preferred stock, 373,773 shares were subscribed for upon the exercise of subscription warrants issued to the company's common stockholders. The subscription privilege which had been offered to common stockholders of record June 10, 1947, expired at 3 p.m. on June 25. The unsubscribed shares to be purchased by an underwriting group headed by White, Weld & Co., have been sold.

The new preferred stock is convertible at any time prior to July 1, 1957, unless previously redeemed, into shares of common stock at the conversion price of $42.50 per share of common stock, and is redeemable at $106 per share on or before June 30, 1948, and thereafter at prices scaling down one-half point each year to $102 per share on July 1, 1955.

Proceeds from the financing will be applied to the redemption of 1,481,774 outstanding shares of 5% cumulative preference stock, par value $10, and to provide additional funds to be used in part for carrying out the company's plan for expansion of facilities for the production of pharmaceuticals, dyestuffs, pigments, plastics and other chemicals; for additional investments in Jefferson Chemical Company, Inc., which it owns jointly with the Texas Company, and in Southern Alkali Corporation, owned jointly with Pittsburgh Plate Glass Company.

The company intends to make application to list the cumulative preferred stock, series A, and the common stock on the New York Stock Exchange.

A Plan for World Bank Operation

(Continued from page 6)

rience of the Stock Clearing Corporation could be used in creating an export and import clearing organization which would help direct the world's exchange of goods.

The facilities of the large commercial banks and investment houses can be used to encourage savings all over the world to become invested in World Bank bonds. The facilities of the Stock Exchanges all over the world could be used to maintain constant liquidity of World Bank bonds.

Specific Purpose Loans

The making of specific purpose loans as against general purpose loans is certainly not a new idea. A specific loan is a loan against a definite project which would require definite machinery and materials to be paid for in whole or in part out of the proceeds of the loan; the products or service of the project as well as the machinery and equipment of the project to be used to guarantee the liquidation of the interest and principal of the loan.

This method of making loans has been used not only domestically on a large scale, but has also been used internationally. The instalment institutions for many years have been making loans to help the manufacturer produce certain goods and sell them to the consumer—using at various times the actual goods or the machinery and equipment, or even the plant in addition to the signatures of the producing and receiving parties as guarantees for the loan. The Export-Import Bank has been making specific project loans on an international basis and with considerable success. The Reconstruction Finance Corporation has made a large amount of specific purpose loans.

It is true that each of the specific loans would be too small for the World Bank to bother with, but if we are to enter upon and endeavor to rehabilitate and develop the resources of nations a large number of specific loans, representing individual projects could be combined into one large loan. The major loan would thus be much stronger since any major loan would include a large number of specific projects. The major loan would have the benefit of diversification of economic risks. Engineering and economic studies would have to be made on each project by the borrowing country and submitted in detail to the World Bank staff, which would then study the projects from the engineering and economic points of view before financial consideration. The success of each separate project would be a guarantee against the failure of other projects and the products and services of all the combined projects would thus be more likely to protect the interest and principal requirements of the major loan. Since the economic and engineering soundness of each project must be passed upon by the borrowing nation, and approved by the World Bank staff, it is unlikely that the major loan consisting of a large number of separate projects could be economically unsound. It would also be unlikely for the interest and principal of the major loan to be in jeopardy because of the production of a large number of diverse projects, all of which have been properly studied by both the borrowing country and staff of the World Bank. Once the projects are completed their operation remains under the constant surveillance of the World Bank through regular reports from the debtor nation until the loan is paid.

It would not be too difficult to arrange a large number of projects in serial order, so that their completion and amortization would take place at different intervals under the major loan. Each project could be represented by receivables which would be used as collateral for the major loan. The receivables coming due serially in different periods could then be classified by the Bank as short-term and long-term paper. The former as collateral for the Bank's own bonds would command a greater marketability at a lower rate of interest since many large financial institutions and individual investors are interested mainly in short-term investments. The long-term bonds could be sold to those interested in long-term investments at a higher return.

Settlement by Goods in Kind

The World Bank should be able to improve directly economic conditions in the debtor country so that it would become possible to pay its debt. This can be done by enabling the debtor nations to pay in goods in kind—in the products resulting from its debt wherever exchange is not available. In the establishment of the World Bank the problem seems to have been present in the minds of the organizers. The solution was, however, conceived in the traditional atmosphere of currency exchange and stabilization methods and can only cause the repetition of the historic difficulties of international loans and international exchange. This will be particularly true henceforth because a large part of the world may not find it practical to operate on any basis other than direct barter. In fact, the historic difficulties might be considerably exaggerated in the future with a large part of international trade taking place on a direct barter basis.

Some nations who may or may not be members of the World Bank will undoubtedly find it practical to make large contracts for the delivery of the bulk of their exportable goods and services on a direct barter basis. These nations may make loans at the World Bank while at the same time do business in this way outside. When their economy begins to get depressed, their exchange will suffer. The Monetary Fund will then assist them. This might continue until their credit would no longer be good at the World Bank. Their exchange would then become so weak that the Monetary Fund would have to decide to bring a halt to exchange stabilization. Inasmuch as depressions are a pretty sure thing to count upon, countries, one by one, will meet this fate with the World Bank and the Monetary Fund and gradually be forced to do more of their international trade on an exchange-of-goods-in-kind basis.

It is interesting that the organizers of the World Bank and the Monetary Fund tried to solve the difficulty of the shortage of international exchange in a nation having economic difficulties by merely shifting loans from one source to another. In the past it has been the experience of the United States after loaning great sums of money to foreign nations to find it necessary to cancel these debts in order to start doing business again with those same nations. It is strange that the organizers of the Bank thought that this ultimate fate could be avoided if the World Bank and the Monetary Fund loaned the money. It could be argued, that inasmuch as most of the borrowers would also be members of the World Bank and the Monetary Fund, that when these institutions would have to cancel large amounts of loans the burden would then be divided among all the members and, therefore, the condition would have been improved upon. Perhaps this is true, but it does not solve the basic problems of helping nations out of their domestic economic difficulties by making it possible for them to sell goods to pay their debts so that they can borrow again.

The moral principles of a nation which are sometimes questioned when a default occurs are less important than the debtor's ability to pay. It is more important for that nation to solve the economic problems which cause the breakdown of its currency which in turn make it impossible to get sufficient exchange to meet the services and principal of its foreign debt. In private business more stress is laid upon the ability of a businessman to meet his financial obligations than on his moral principles which would make him desire to do so. It helps a bank very little if a businessman who cannot possibly meet his debt is a pillar of the church or a model of honesty and integrity. It is more important for the bank to make sure, before making the loan, that the business in question is sound and will be productive enough to enable its owners to meet their obligations. It is strange that these sound business methods have not been carried over into the field of international banking on any large scale.

The preference of the United States to receive gold instead of goods for its own goods and services may eventually lead it to very serious consequences. Business can be done on a very large scale without gold, and if the proportion of business of international trade done without gold increases much more, it will tend to make the gold exchange method less important. Our resources are not unlimited. Although it pays the corner grocery man to call in his large customer who on account of his large debt began to trade elsewhere and cancel this debt so that the customer may start trading all over again, it would not pay him to do this with all his customers many times. This is worthwhile only if the previous trading has been so large as to contain a profit sufficient to offset the relatively small debt, or if his future trading might contain that profit. This may have been the case with the United States in the past. It may have been sufficiently profitable to sell goods abroad and ultimately cancel the remaining debt, but obviously this procedure cannot continue if our natural resources are limited. It certainly cannot be worthwhile for the United States to follow this method if other nations who do not follow it take advantage of it.

The settlement of international debt by goods in kind might create some concern amongst the leaders of industry. However, there need be no concern if it is once proved that much more international trade would be possible and that this trade could not be successfully carried on in any other way in our modern world where an increasing part of international trade is being done on a barter basis. There is no reason why industry should be concerned; in fact, industry will be helped in a very large measure if the machinery for settling payments by goods in kind is properly set up.

In the first place, futures contracts of a large number of products, both producers' and consumers' products, could be created and traded on the principal commodity exchanges. These futures contracts could be made sufficiently numerous and liquid so as to embrace the basic production of all the nations. The exact type of futures contracts which would be tendered in payment of service and principal of foreign debt could be clearly set up. Although the price at which futures contracts could be tendered need not be determined, definite limits of highs and lows could be set. It could be arranged so that industry could be advised two years in advance which products might be tendered by debtor nations. Industry in any nation would have ample time to anticipate the arrival of these goods and plan accordingly. There need not be any surprises of sudden supplies of commodities or any dumping in any market if this is properly handled. By creating a sufficient number of futures contracts and sufficiently extending them to a longer-term basis (two or three years) it would be possible for any nation to pay in kind where exchange is not available and it would not necessarily upset any particular industry because of the distance of the payment and anticipation thereof.

The World Bank would receive title to these goods in the form of futures contracts. It could sell them in the open world market. It could sell them to the various governments who are interested in stock piling. It could use them for a properly organized world relief program which is definitely needed. Futures contracts could be arranged so that when payment of goods in kind take place, it would not affect industries unequally or unfairly. It might even be so well planned that the goods in kind tendered for debt might be those most needed by the creditor nations.

How would payment of goods in kind operate? For example, suppose a loan of one billion dollars were made to France covering one hundred separate projects. The resources of France are sufficiently great that a choice of projects could be had which would supplement the producing machinery of the world. Projects could cover minerals, such as lignite, bauxite, lead, aluminum and other minerals of which France has large undeveloped supplies in its territories; or consumer goods such as wines, fruits, etc. All of these products lend themselves to trading in the form of futures contracts. When payment is tendered in kind a required number of futures contracts would be delivered to the Bank. The Bank could then sell them to industry through the commodity exchanges in return for currency. It could sell them to the United States or other governments for stock piling. It could allot them to the various members in proportion to their subscription. It could sell them to the relief organization of the world.

One thing is certain; the debtor would be able to meet his obligation and would be able to do business again. The creditor would receive payment and his own obligations would remain sound. If full value of the debtor obligation is not realized from the sale of his goods, the insurance reserve will be more than sufficient to make up the difference.

The attitude of industry toward this transaction cannot be unreasonable. It is this type of trading that will make it possible for industry to keep selling abroad. The futures markets would become much greater, more world-wide and more liquid. If any domestic market becomes seriously threatened, the futures contract can be sold to government for stockpiling or for relief. If none of these possibilities are practical at the time, the World Bank could stockpile such goods in kind as do not spoil and sell them when the market became ready to absorb them. In all cases the futures tendered could be at least a year away so that industries all over the world could adjust themselves to the supply of these products.

The insurance reserve which the Bank could set up might be fixed at 2% or one-third of the interest

on its loan. This fund could become a reserve of considerable size, sufficient to weather very serious difficulties. The experience of the Federal Housing Administration has been a very good one in this respect. The one-half of 1% as insurance has been more than sufficient to offset losses on loans. The financing companies found the insurance principle so profitable that they created insurance company subsidiaries for that very purpose.

The World Bank could make the insurance reserve serve two purposes: (1) to adjust interest rates on its own bonds so as not to upset the money markets, and (2) to create a reserve for ordinary losses and for expenses in operation. The interest rate on money borrowed from the World Bank could be standardized at 6% (4% interest plus 2% insurance). All borrowers would pay the same rate. This would have a considerable advantage in eliminating discrimination of credit risks.

It would not be too difficult to establish machinery to maintain definite collateral (representing individual projects) under each major loan at 100% of the amount of the loan outstanding. These receivables on numerous projects could be arranged to mature serially.

World Bank Serial Bonds

The Bank could sell on this plan its own bonds on a serial basis at rates of interest prevailing in the various money markets. Inasmuch as long-term government bonds, in the United States for example, sell at 2½%, it could sell its own bonds at 2½ to 3%; the short-term bonds, in the United States for example, could be sold from 1 to 2%, commensurate with short-term rates in the United States. The difference between these various rates of interest covered by the World Bank bonds and the 6% rate of interest charged by the World Bank would be used for the Bank's mutual insurance reserve fund, general expenses and the expenses of selling its own bonds through the investment banking houses.

It would probably not be feasible to make loans of less than 50 million dollars with the average loan amounting to about 500 million dollars. The size of the individual project under the loan would be around one to ten million dollars. Thus, each loan would have from five to 100 projects, each project standing on its own feet, and each being of a self-liquidating nature. Every project under a loan would be protection against all other projects under that loan. The Bank would have a lien on the machinery and material of the project, as well as on a proportion of the resulting goods or services of that project.

As in the case of the financing companies and also in the case of the RFC and Export-Import Bank, the experience gathered by the staff of the World Bank in examining the economic value of any specific project might become very helpful to the borrowing nation to assure the success of its project. A staff of engineers and economists could be built up by the Bank as its business developed. It could become a great factor in guiding the general economy of the world and the machinery of international exchange.

To overcome the uncertainty of changes in governments and to make sure that the people of the borrowing nation are eager to further the projects under the loan, an arrangement could be made whereby the people in an election would vote and endorse the loan. This endorsement would be in addition to the endorsement of the particular government and would definitely place the responsibility of the loan on the people as well as on the government. We have such approvals of special loans in our State and municipal governments. The experience in this respect has been such as to make this procedure a very valuable assurance that the people of the borrowing nation will cooperate fully at all times in the servicing of the loan and in the payment of the principal.

A particular advantage in this method of making loans would be the fact that partisan politics would be transcended. The people would be dealt with directly as well as through their properly authorized governments. In a crisis the excuse of default very often used that the loans were made improperly by the then existing government would no longer be a reasonable one.

Inasmuch as the receivables of each project used as collateral for a major loan could be arranged serially and would become due and operative serially, the continuous flow of interest and principal payments become a continuous signal that all is going well. When one of these projects fails, the red light immediately shines and the next project is watched more carefully. This method of operation is a sound assurance and guarantee that the major loan is being constantly supervised and attended to by the debtor nation. By proper diversification of individual projects, a cross-section of industries is obtained as a further guarantee of the success of the major loan. The trend of the economic health of the borrower nation would always be apparent and a decline would immediately be noticed. Measures could immediately be taken to correct the cause of a decline and the economy could be strengthened.

Two Classes of Bonds

The World Bank could arrange to sell its own long-term bonds, collateralized by long-term major loans which, in turn, would be collateralized by numerous specific projects. The facilities of the investment bankers and the commercial banks could be used extensively.

The Bank's short-term bonds collateralized by short-term receivables could be sold directly to banks, insurance companies and other institutions at the prevailing rate of interest for short-term paper in the money market where these loans are being sold.

All loans made by the Bank could be arranged to carry a 6% interest rate sufficient to include the 2% insurance reserve and expenses of selling the Bank's own bonds and of operating the Bank. Inasmuch as the World Bank would sell its own bonds at the prevailing interest rates, the various money markets of the world would not be upset. Savings of all types could be tapped by assurance of investment security rather than by the appeal for a high rate for a speculative income.

The insurance reserve would be mutually owned and would, therefore, not be an undue burden on any particular country. If it became too large, it could be reduced. Until that time, however, the fund could be used to a great advantage in setting up and operating the machinery required for payment of goods in kind.

The Bank's own bonds representing its own credit and collateralized by all of the major loans which, in turn, would be collateralized by the numerous specific projects, would be a security as strong as any known and could become as liquid as any security known. The Bank's own bonds could be sold in any part of the world and could move easily to any part of the world. In fact, the Bank's own bonds could be made more easily negotiable than gold itself. They could be listed on all the exchanges in all of the financial markets of the world and be interchangeable from one country to another.

Confidence in the World Bank's bonds would be well supported by numerous guarantees. They would be guaranteed by the Bank's entire capital, which is now about 10 billion dollars. They would be guaranteed by the Bank's mutual reserve fund which could be built up to very large proportions. They would have the general guarantee of the borrower nation endorsed by the people of the nation. They would be guaranteed by all of the receivables of all the nations to whom the Bank made loans. They would be guaranteed by a direct lien on all the material and machines used on all the projects covered by all the Bank's loans. They would be secured by a lien on all the products of all the projects covered by all of the Bank's loans. They would be additionally secured by an export reserve fund kept on deposit at the Bank by each nation, made up of a percentage of all the exports of that nation. This reserve could remain fixed when it reaches 20% of the borrowing of each nation.

Along with the idea of an export reserve to be deposited with the World Bank, there could be set up a clearing house of all the world's exports and imports. The advantages of this clearing house would be to facilitate the balancing of world trade and to coordinate the needs of the various nations. It would also serve as a statistical organization, showing exactly what goods were being exported and imported, where and how.

Use of Existing Commodity Exchanges

In order to set up machinery to receive goods in kind in the form of futures contracts, coordination of the Bank's program with all the existing commodity exchanges would be necessary. Notwithstanding the efficiency of many commodity exchanges, the number of futures that might be traded could be extended in a large measure and could easily include many finished goods yet to be standardized by industry.

After proper study by a committee of economists, the staff of the World Bank would determine what products of any given borrowing nation could be subject to tender for debt to the Bank should that nation find it difficult to pay through the regular channel of exchange.

This same committee should coordinate its work with the stockpiling program of those nations interested in this type of insurance. Although stockpiling is ordinarily thought of in terms of military protection, there is a large area of human needs where stockpiling for protection against catastrophy and crop failure is quite feasible.

If the world becomes sufficiently prosperous, it will not tolerate large areas of slums. A large amount of relief can be carried on in peacetime with a definite net gain to the world economy.

Overall Economic Advantages

By extending the machinery of the World Bank along the lines of the above ideas, all materials all over the world will become available to all nations. It would allow unlimited development of sound projects wherever located. It would open the door to unlimited investment of a sound nature and tap the savings all over the world. It would tend to maintain production in all countries wherever the desire and ability to work existed. It would raise the standard of living and efficiency in all countries where people desired to improve themselves. It would tend to make people more satisfied and, therefore, make governments more stable and more representative of their peoples. It would encourage thrift because of the soundness and good return on investments. It would eliminate the great differences between nations in both the political and social spheres by virtue of their more similar standards of living.

The Price Level

(Continued from page 10)

in the cost of living index from mid-1946 to April 1947, was due to an increase in the cost of food, and another 13% to an increase in the price of clothing. Expenditures on food are absorbing an abnormally large share of income, and high prices for necessities have put consumers under pressure. Several months ago, it became evident that consumers were weighing their purchases of luxury goods more carefully; the collapse of the diamond and fur markets last year, and the curtailment of expenditures for jewelry and for dining-out and entertainment were tangible indications of the pressure to which consumers were being subjected.

Consumers are becoming more selective in their buying. Good quality merchandise is generally sold out when advertised at a reasonable price. The sales volume of standard, low-markup merchandise seems to be holding up well, while sales of specialties, or high-markup, semi-luxury items are frequently showing a decline. Apparently, the physical volume of goods sold by department stores is lower than it was in comparable periods last year, in spite of a larger turnover of durable goods which have been in short supply.

Effects on Construction — One of the most serious effects of the price rise has been a great increase in the cost of construction. The rapid rise in the prices of building materials, increased hourly wage rates, and a decline in the efficiency of building operations in general, and in the productivity of labor in particular, are all contributing factors. Exact information as to the extent of the increase in construction costs is difficult to obtain since most indexes do not adequately reflect all the elements of increased cost. In addition, deterioration in quality introduces another complication. On balance, however, it appears that construction costs now are at least double the prewar level.

Residential building provides perhaps the most striking illustration of what happens when a commodity is priced out of the market. In the face of a pressing housing shortage and increasing supplies of building materials, new contracts have been running behind corresponding months of last year, some unemployment has appeared in the building trades, and existing structures are more difficult to sell. This situation shows with unusual clarity the effects of distortion in the price and cost structure. It probably typifies other comparable situations which are widely prevalent in the economy today as the result of the uneven increases in costs, prices and incomes.

One of our most important needs is to obtain a cost situation that will permit a sustained high level of building activity. Hopes for a period of several years of business prosperity rest in large measure on the premise that construction costs can be reduced sufficiently to permit a high level of construction.

Effects on Business—The effects of rapidly rising prices on business enterprise are numerous and complex. Rising prices have increased the dollar volume of inventories required by American business, and have thus contributed to the rapid expansion of commercial and industrial loans beginning about the middle of last year. Rising construction costs have increased demands for funds, and have raised the difficult problem of deciding whether to continue with building plans or to defer them pending some improvement in the cost situation.

High prices and the large volume of business have contributed to large corporate profits in the past few quarters, but the profits are partly illusory. Accepted principles of accounting are not well designed to cope with the financial realities confronted by business management in a period of rapid price change. A portion of the profits represents the sale of relatively cheap inventories on a higher price basis, with the risk of offsetting losses when and if the price situation is reversed. While annual provisions for depreciation may be sufficient to amortize the book value of property and plant, and may be in accord with accounting practice, the amounts so provided are likely to prove inadequate to replace property or equipment under a higher price level.

Business concerns have been forced to grant substantial increases in wages, and increased costs have not been fully reflected in the prices of finished products. Consequently, profit margins have been narrowed and the break-even point of many industries raised significantly. So long as the economy operates at capacity, large volume may permit the maintenance of satisfactory profits, but the impact upon profits of a period of declining business volume may be serious indeed.

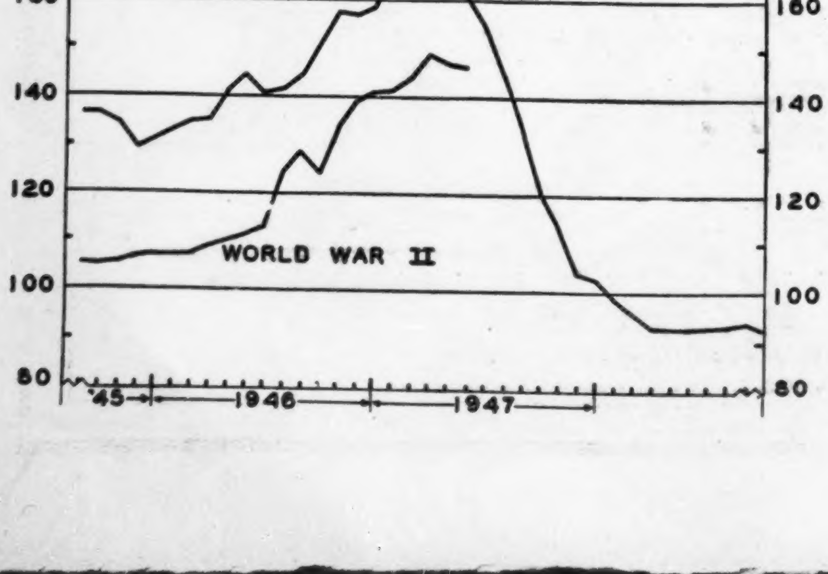
"Talking Prices Down"—In recent months an effort has been made, mostly in Government circles, to "talk" prices down. Some of these attempts probably represent no more than a desire to make political capital out of the present high, unpopular level of prices, and cost of living. Others use the argument as a part of their plan to "maintain mass purchasing power" by reducing corporate profits. Others are probable sincere in their hopes that restraint in raising prices would help to break the wage-price spiral in which we have been enmeshed.

Most of the conversation about "high prices" has been couched in general terms. Attention has not been focused, nor has policy been directed, toward reducing specific prices or groups of prices that are at inflated levels relative to the general price level. The emphasis upon aggregate corporate profits fails to recognize the diversity in the profit records of individual companies and industries. Furthermore, while business profits are large, they are not generally excessive when measured against the current high dollar volume of business.

The campaign for lower prices may have influenced some manufacturers to absorb, where possible, the recent round of wage increases without a significant increase in prices. Other than this, it is not apparent how the conversational approach can be effective unless accompanied by a change in the underlying economic situation. However, a widespread conviction on the part of consumers and business men that the price trend is definitely downward might encourage more business managers to extend the practice of hand-to-mouth buying and of inventory reductions, already evident in some fields. In turn, this might put some prices under additional pressure.

CHART III

WHOLESALE PRICES IN TWO POSTWAR PERIODS
1926=100



Has the Peak of Prices Been Reached?

The peak of prices after World War I was reached in mid-1920, about eighteen months after the Armistice. The behavior of the wholesale price index after World Wars I and II is shown on Chart III. The similarity in behavior is striking in the two postwar periods. Has the high point of the wholesale price index been passed and will the decline follow the pattern of World War I?

Recent experience once more indicates the danger of forecasting. In the latter part of 1946, the all-commodity index began to level off, continued increases in the prices of some commodities being largely offset by declining farm and food prices. Many observers became convinced that the peak of prices had been passed. They expected that continued declines in the prices of farm commodities and foods would serve to correct some of the distortions in the price structure and would more than counterbalance some further rise in the prices of other commodities. However, in the early part of this year, more information became available as to the state of the foreign food situation and the President's program of enlarged aid to foreign countries. Thereupon, the index resumed its upward course.

It is possible that a combination of circumstances may result in a repetition of this process during the next few months. Bad weather conditions and substantial deterioration of domestic crop prospects, or a still further enlargement of our foreign obligations, might mean another rise of some farm and food prices. Except for these contingencies, however, there is reason to believe that the postwar inflationary price boom is nearing its end. The probabilities seem to favor a downward, rather than and upward, movement of the price index during the next twelve months. The prices of some manufactured goods may show a further modest, and probably temporary, rise, but it is believed that any such movement will be more than offset by declines in the prices of farm and food commodities and some other raw materials.

This conclusion, that prices are near their peak, is based on the consideration of a number of factors:

(1) Significant declines from recent highs have been registered in the prices of a number of raw materials and foods, including: butter, cheese, calfskins, cocoa, copra, cotonseed oil, coffee, flaxseed, lard, lumber, steel scrap, hides, silk, tallow, turpentine, cocoanut oil, molasses, and crude rubber. Price reductions, although generally of modest proportions, have been made in the cases of some manufactured goods such as soap, shoes, nylons, women's apparel and accessories, some textiles, agricultural machinery, automobile tires, and brass and bronze products.

The declines in prices have been sufficiently numerous and important to show up in the weekly prices indexes of the Bureau of Labor Statistics. By June 7, most of the commodity groups showed small declines over the peaks reached earlier in the year, as seen in Table V.

The foregoing do not indicate a major price decline as yet. About all that can be said is that during the past two months prices have shown signs of leveling off.

(2) Prices of basic agricultural commodities for future deliveries continue to be quoted substantially under spot prices. This abnormal situation indicates that opinion in the commodity markets, based on the best available information as to future needs and crop prospects, is convinced that prices will be lower when the new crop is made. Admittedly, the markets may be in error, but the persistent discount is future prices, in the face of widespread discussion of our increased foreign program, cannot be ignored.

(3) Business sentiment is shifting away from the tendency to build up large stocks of raw materials and components as a hedge against further price increases and as an aid to production. More and more businessmen appear convinced that many prices are on an insecure foundation and are adjusting their buying policies accordingly. New orders and output are down in some lines, easing the raw material situation. In some instances, surpluses are replacing scarcities, according to reports of purchasing agents. Escalator clauses have disappeared and buyers are now seeking safeguards against price declines. This reflects a significant change in the point of view of business. The era of rapid voluntary inventory accumulation and pipeline filling appears to be coming to a close. In fact, some liquidation of excess inventories is reported.

(4) The rapid expansion in commercial and industrial loans, which has been in progress since the middle of 1946, apparently came to a halt early in April 1947. Some bankers are less eager to make additional inventory loans, and are using more care in their evaluation of credits. However, bankers generally have not begun to call outstanding loans, a factor that contributed to inventory liquidation and price declines in 1920-21.

(5) The Federal Budget, instead of contributing to the creation of bank deposits and inflationary pressure, has had a deflationary effect in recent months. Large cash balances and net Treasury cash receipts have been used for retirement of short-term Government debt, predominantly held in the banking system.

(6) Accumulating buyer resistance in many areas is putting the price structure to test, and is compelling many producers to improve quality and reduce prices. This pressure will probably continue to increase and the movement become more general.

(7) The present levels of production and prices are being supported by a large volume of exports. In March and April 1947 exports reached the record monthly peace time figure of $1.3 billion, or an annual rate of more than $15.5 billion. Recently, imports have been running at less than 40% of the rate of exports. This unbalance cannot continue for long unless we further expand our program of foreign loans or gifts. Already some of our customers are confronted with a shortage of dollars and several have taken steps to limit imports, particularly of consumer goods. This situation is likely to become more general and producers may find it increasingly difficult to market some goods at continued high prices.

Past Price Readjustments

On four other occasions in the past, wholesale commodity prices in the United States have reached peaks roughly comparable with present levels: the peak which followed the Revolutionary War; that of 1814 following the War of 1812; that of 1865 following the Civil War; and that of 1920 following World War I. Each of these peaks was followed by a substantial readjustment during which prices eventually returned to about the prewar level. However, a considerable period of time was sometimes required for this ad-

TABLE V

Wholesale Commodity Prices—Weekly Index (1926=100)

	1947 Peak	June 7, 1947	% change
Farm products	184.2 (Mar. 15)	179.5	—2.6
Food	170.7 (Mar. 8)	163.1	—4.5
Other commodities	132.4 (Apr. 19)	132.2	—0.2
Hides and leather	175.8 (Feb. 22)	166.6	—5.2
Textiles	139.6 (Apr. 12)	138.5	—0.8
Fuel and lighting	104.4 (June 7)	104.4	——
Metals	142.5 (June 7)	142.5	——
Building materials	178.6 (May 10)	177.5	—0.6
Chemicals	134.5 (Apr. 5)	124.7	—7.3
Housefurnishings	129.5 (May 31)	129.5	——
Raw materials	165.5 (Mar. 29)	161.8	—2.2
Semi-manufactured	146.2 (Apr. 12)	142.5	—2.5
Finished goods	143.7 (Mar. 8)	142.9	—0.6
Total	149.4 (Mar. 29)	147.9	—1.0

TABLE VI

	Per cent change in wholesale prices		
	Increase 1914 to 1920 peak	Decline 1920 peak to mid-1922	Increase 1914 to mid-1922
Farm products	139	45	30
Food	130	42	33
Other commodities	162	41	54
Raw materials	146	44	38
Semi-manufactured products	261	62	39
Finished goods	133	38	44
Total	146	42	41

TABLE VII

	Per cent increase in wholesale prices	
	1914 to 1920 peak	1914 to mid-1922
Fuel and lighting	271	91
Textiles	256	83
Building materials	219	82
Hides and leather	187	43
Housefurnishings	164	81
Chemicals	113	23
Metals	96	30

justment. Thus, after the Civil War, 13 years elapsed before prices returned to the levels of 1860. The correction of 1920-21 left the price level substantially above the prewar level during the '20s, and it was not until the depression of the early 30's that prices returned to the levels of 1914. Thus, while past history suggests the likelihood of a correction in the price level to eliminate part of the war-engendered inflation, it does not indicate the likelihood of a prompt or rapid return to prewar levels of prices.

In appraising the outlook for readjustment of the present high and unbalanced price structure, it may be of interest to survey, briefly, the magnitude of the readjustment that took place in 1920 and 1921. The sharp drop in prices began about the middle of 1920 and continued for about one year to June 1921. Thereafter prices rose slightly and by mid-1922 the all-commodity index was about 40% above prewar. The general and all-pervasive nature of the price decline which began in 1920 is shown in Table VI.

In the readjustment process, some of the wartime disparities were ironed out. Thus by mid-1922 the price indexes of raw materials and semi-manufactured products were re-established on a relationship in line with that which prevailed before the war, while prices of finished goods were only slightly higher. However not all the wartime disparities were corrected. In 1922 prices of farm and food products were relatively lower, compared to prewar, than prices of other commodities. Furthermore, among other commodities, prices of some groups that had increased the most during the war period remained relatively high after the postwar decline, as shown in Table VII.

Extent of the Anticipated Price Decline

Since the all-commodity wholesale price index has not increased as much this time as in World War I, it is likely that the decline in the price level will not be as severe during this correction period as it was in 1920-1921. A number of additional factors support this point of view:

(1) A collapse in farm prices does not appear imminent in the near future. World requirements are larger and world reconstruction proceeding more slowly than was true after World War I. In addition, in the case of a number of important agricultural commodities, the government is now under obligation to provide price support, at least through the end of 1948. In the case of major farm products, even should world supply conditions improve substantially relative to demand, it is generally believed that a decline of more than 20 to 25% from current levels is unlikely during the next 12 months. We probably face serious long-range problems in coping with our prospective surplus of agricultural commodities, once production in the rest of the world has been re-established. For some time to come, however, large foreign needs are likely to ease the task of supporting agricultural prices.

(2) Food prices, although they have declined from recent highs, are supported by a high level of employment and national income. A lower volume of business activity and increased unemployment might contribute to price weakness for some items. However, the substantial redistribution of income that has occurred in recent years, the rise in the incomes and standard of living of people formerly in the lower brackets, more widespread unemployment benefits, and foreign shipments may help to support food prices in a period of moderate business recession.

(3) Prices of many manufactured goods have risen modestly in the face of greatly increased costs of labor materials. High wage scales have been incorporated in many union contracts on a basis that make their reduction very difficult, if not impossible. While price reductions may be possible in some instances, it is unlikely that the decrease, in the aggregate, can be very significant and yet preserve a profitable basis of operations. Reduction in raw material costs and improvement in the efficiency of labor are prerequisites to general price reduction.

(4) The greatly increased supply of savings and liquid assets may provide some support for the price level. Furthermore, while the dollar volume of consumer credit has passed its previous peak of 1941, it is still relatively low when measured against the present high dollar volume of trade, and the volume of instalment sales credit is especially low. Instalment sales for many items of consumer durable goods are currently well below prewar experience. A substantial further increase in consumer credit may be expected to support unsatisfied consumers' demands.

(5) The credit situation is fundamentally different from that of the early '20s. The monetary authorities are not likely to initiate the highly restrictive policies they introduced late in 1919. The banks have much easier access to the Federal Reserve System than was the case after World War I, and while some of them may call loans in case pronounced weakness develops in the commodity markets, it does not seem likely that banks generally will put their customers under as much pressure as they did in the early '20s. Although comparable and accurate information is difficult to obtain, the general opinion prevails that there is less speculation in inventories on credit now than was the case in 1919 and 1920.

(6) The business inventory situation does not appear to be comparable with the excessive speculation following World War I. Inventory positions have been under scrutiny for 6 to 9 months and great efforts have been exerted by business to prevent over-accumulation, to improve the quality of inventories, and to reduce outstanding orders. In this process some price-cutting has materialized, but this has not been general or widespread and in the main has been limited to merchandise in excess supply.

These factors are likely to cushion price declines and to hold the decline in the all-commodity index to less than the 42% decrease after the last war. While there is little tangible ground to support a specific estimate, a drop of 20% from the present levels, something less than one-half the previous decline, would leave the all-commodity index at about 150% of prewar. Current thinking seems to be that a larger drop in the general level of prices is unlikely during the next 12 months. In fact, many observers think in terms of an even smaller decline.

While the distortions in the price structure are greater now than they were at the peak of 1920, their correction may have less serious effects on the economy than was the case after World War I. Many of the prices that have risen the most this time could decline substantially without causing a great reduction in output or a large increase in unemployment. This, in turn, would provide an element of support for the general price level.

Some of the conditions which may help to support the general price level may also interfere with necessary and desirable correction in the price structure. It seems unlikely that prices of some farm products will decline sufficiently in the near future to restore, even approximately, the prewar relationship between farm and other prices. Similarly, the large pent-up demand for housing and other construction may limit the decline in building costs. While some raw materials have dropped substantially in recent weeks, others are still in short supply, and many are subject to greatly increased costs of production.

In view of the changes in the economy in recent years, the prewar relationships among various prices are not necessarily appropriate. Price relationships are constantly changing as the result of developments in technology, and production methods and costs, as well as of changes in demand and in the rate of business activity. Nevertheless, it would appear that something resembling the prewar relationships among various prices is a closer approximation to economic reality than the present unbalanced price structure.

Summary

(1) The Bureau of Labor Statistics all-commodity index of wholesale prices is now only about 10% below the high point reached in 1920. The indexes of farm and food prices are higher, while that of other commodities is substantially lower, than the 1920 peaks. Prices are now about twice as high as in 1939, whereas in 1920 they were about 2½ times the average for 1914.

(2) Substantial disparities have accumulated in the price structure since prewar. Since prewar, the prices of farm and food products have increased 2 to 2½ times as fast as the prices of other commodities. Raw material prices have risen much faster than the prices of finished goods. Among the various groups of commodities other than farm and food, the largest percentage increases over prewar occurred in prices of textiles, building materials, and hides and leather.

(3) While scattered price reductions have occurred in recent weeks, there is no evidence as yet of a significant downward movement of the price level. However, commodity prices in general have probably passed their peak and the next major movement is likely to be downward.

(4) Prices are not likely to decline as rapidly this time as they did after World War I. Even with the rapid drop in 1920 and 1921, the all-commodity index in mid-1922 was about 40% above prewar levels. It appears unlikely that the the all-commodity index a year from now will be as much as 20% below current levels. This would mean a general level of prices at least 50% above prewar.

(5) Correction of the maladjustments in the current price structure would require larger reductions in certain prices than now appear probable. Thus, many of the war-generated disparities may persist for some time.

"Back Up the Truman Doctrine"

(Continued from page 13)

tations of time, and settled without national animus or aggression. Tensions and fears—of a third world war—now creating an unhealthy apathy would vanish. World wide record-breaking production for peace would be released. Currencies would be strengthened. Relief problems on a national scale would disappear.

As a part of that program there should be internationalization of all the key spots in the world. I mean, the Panama Canal—Suez—Gibraltar and the Dardanelles. The alternative to genuine universal disarmament is to push vigorously United States military preparedness.

There is no use of my reminding you that the burden 19 million men under arms in the world today puts on civilization is in reality a millstone about our necks. Nor is there any use of my working up hysteria by discussing the horrors of the world's armament race. It means living in an armed camp. It means our standard of living of necessity would be lowered to finance that arms race. In the atomic age it means dismal life in an insecure fortress. That means a rising militarism engulfing eventually our Republic.

The moves for disarmament must be inspired from our highest governmental quarters. Any organized and active moves along that line—at this time—must be conducted so they will not embarrass our government in their negotiations with foreign countries. In other words, it has to be a matter of good timing. We cannot afford any premature move on disarmament, but that should be our immediate goal.

Until the whole pattern of world affairs makes disarmament conversations feasible the American people will close ranks behind the President in any controversy with foreign power. We have proved in two great wars our ability to work and to fight for life and liberty. All other things—our business, taxation, political parties, and things that concern us today—fade into insignificance beside this one gigantic fact. Another war may come. It would relegate them to mere trifles. The battle to survive alone would count.

Time is running out. Just a few years remain in which to work out a functioning world organization able to maintain the peace. It is our only hope. It must be done. Today we are the most powerful nation on the face of the earth. We—and Western civilization—have the atomic bomb. In a few more years Russia, and Communism, too, will have it. Then the world will be divided into two armed camps, each fearful of the other, and waiting for the explosion that will touch off the conflagration.

The United Nations — either with or without universal disarmament — can become the means of averting another world tragedy. We must press, with all the power at our command, for the rapid setting up of a world police force to be used at the direction of a functioning United Nations security council. We must demand the elimination of the veto, and at once. We must risk our fate in the hands of other people of the world. It seems a small risk, compared with the greater one of war.

If the Soviet Union continues to stall for time, and to fight the elimination of the veto, and real genuine universal disarmament, we should seek with full dispatch to make the United Nations function—preferably with Russia—but without her, if necessary. An organization for world peace without Russia merely would give practical recognition to conditions as they exist today. It would be no insurance against war. Although it would be better than we now have. This United Nations—without Russia—and without universal disarmament—could mobilize its world police, and decide conditions under which it would be used. Such a result would permit huge economies on armaments within the member nations. They would save billions by naval union alone. By sharing the staggering burdens of armament Western European recovery could be financed out of the economies instead of having to raise fresh billions by taxation or borrowing.

Two conflicting ideologies must learn to live together—even as two strong personalities. Western civilization with its freedom, its competition and rewards is colliding with a doctrine of expanding oppression — that refuses to recognize any reason but force—in which the citizen is the servant of the state. The real test is before us. A test to determine which can offer more liberty, a higher standard of living and greater prestige for the individual. I believe we know the answer.

First California Co. Announces Promotions

SAN FRANCISCO, CALIF. — H. T. Birr, Jr., President of The First California Company, underwriting and investment securities firm with 20 offices in California and Nevada, has announced the following promotions:

A. M. Bleiler, Manager of the company's Oakland division, has been elected a Director and Vice-President. Mr. Bleiler is widely known in the investment banking field throughout the West.

Parker Adkisson and Dwight C. Baum have been promoted to Assistant Vice-Presidents. Mr. Adkisson is a member of the underwriting department at the company's San Francisco office. Mr. Baum, a specialist in industrial management and investments, is attached to First California's Los Angeles office underwriting staff.

Mr. Birr also announced that Colonel Jack R. Naylor, formerly in the investment securities business in New York and Los Angeles, has joined his company's Reno office.

With Kirchofer & Arnold

(Special to THE FINANCIAL CHRONICLE)

RALEIGH, N. C.—David M. Warren has become connected with Kirchofer & Arnold, Inc., Insurance Building.

Dark Outlook for Office Building Financing

(Continued from page 9)

confuse our thoughts. But the very same factors that I have outlined to you as existing in some towns in Eastern Pennsylvania exist here in Boston, New York, Cleveland, Chicago, Los Angeles, St. Paul and other cities throughout the country. Yes, feeling the economic pulse or looking at one index such as national income will not help us to solve our problems in the office building industry. It is not that simple, so we must search further and dig a little deeper to see where we stand now and where we may be going in the future.

A Leveling-Off Coming

There seems to be little doubt but that there is going to be something of a leveling off in production and prices in the not too distant future. In fact, that process is now occuring though we are not particularly aware of it as yet. Though the economy of the nation may climb to higher levels, say, between now and 1960, nevertheless, the imbalances that I have mentioned in the cost, price, and income relationships at the beginning of my talk must be adjusted before any overall gain can be made. It is strange how various laws of economics work particularly during periods of high production and booms. For instance office buildings in the center of many cities, well operated and occupied prior to the war, have increased in value to some extent because their occupancy has risen from 90% to 100% and because rentals are from 15% to 30% higher than in 1942. But the properties on the "edge" of central business areas, that were selling from 20% to 40%, say, of their assessed value, now enjoy full occupancy at comparatively high rentals; whereas they formerly were practically vacant and could not be rented at any price. In looking to the future, it would indeed be well to remember that, in general, the buildings that were the last to fill up will be the first to empty—they are marginal, or better than marginal in character only during periods of high prosperity, but during other times they are definitely sub-marginal. Yes, and it is a strange commentary that optimism even more than pessimism runs in waves because so many, yes, too many, have bought many old office buildings that are little more than "wasting assets" on the basis of a boom time income capitalized in perpetuity. For that type of building, gentlemen, the day of reckoning is not far distant.

Question of Ability to Pay

Now that I have mentioned the background of the office building picture and have attempted to draw a sketchy picture of the background of the general economic scene. I would like to discuss with you for a few moments some of the more specific questions and factors that we must pay a great deal of attention to if we are going to have any idea as to whether the rental and value trend will be upward or downward and whether or not there will be need for new office building construction in the near future. As we all know, the heart and the very life blood of office buildings consist of rental and occupancy. But what we must do is to ask ourselves a number of questions with respect to "ability to pay" over the next 10 year period. And so, I am going to ask here and now five qestions (though they are really variations of the same question) as follows:

(a) What proportion of office building occupants can afford to pay $6.00 a square foot as rent over the next 10 years?

(b) The same question at $5.00 a square foot.

(c) The same question at $4.00 a square foot.

(d) The same question at $3.00 a square foot.

(e) The same question at $2.00 to $2.50 a square foot.

(f) The same question at below $2.00 a square foot.

With respect to (a)—$6.00 a square foot. Before answering this question it might be well to state that under present construction costs—even if they were to be reduced by 20%—a rent of from $5.50 a square foot to $6.00 a square foot would have to be obtained to procure a fair return, say, of from 6% to 7% plus depreciation, from land and building. And the answer to this question might give you an idea as to how many square feet of office building space will be erected between now and, let us say, 1953. In answering this list of questions, I think we will agree that at the $5.00 to $6.00 level not more than 2% or 3% of all office building tenants can afford this rental, and certainly not more than 7% or 8% can afford $4.00 per square foot. Coming down to the $3.00 a square foot level, I frankly don't think that more than 15% of American business can afford to pay more than that rent even at today's inflationary price level, and I would further say that certainly from 80% to 85% of all office building occupants cannot afford more than $2.50 per square foot. Many of you here are realtors, mortgage bankers, life insurance company officials, or with building and loan associations. I will not embarrass you and ask you to raise your hand and say if your company is able to pay more than $3.00 a square foot for space. I feel that 90% of you would say no. But don't forget this—that most of you fellows are in the upper brackets and can afford to pay more than the average American businessman. It is only the large corporations to which rent is a comparatively unimportant item, and many of them are extremely reluctant to commit themselves for a long period of time at rentals over $3.00 a square foot.

The greatest problem confronting office buildings today is the inability—or is it an unwillingness—of the business man to pay a rent which will justify not only the construction of new office buildings, but which will insure the financial stability of the present structures. Strange as it may seem, gentlemen, the entire nation day is damned by many false standards, and many false social values which are affecting the entire field of real estate. The public's demands are indeed greater than can be provided for either in the way of a construction, a rental, or an investment dollar.

Take housing for instance. In 1914, 22% of all consumer income was used for rent and imputed rent—that is, the rental value of owner occupied space. By 1942, this had dropped to 11%. But today, gentlemen—today, from 8 to 9% of all consumer income spent in this nation—only 8 or 9%—goes as a rental or rental value for the American Home—and this of course includes apartments too. As the Twentieth Century Fund recently stated in its great work "America's Needs and Resources," people are buying automobiles and spending money for sports clothes and vacations, and they are paying less for rent and shelter than they formerly paid. At the same time, they are demanding and are being educated to demand—by housers, public offi-

cials, Henry Wallaces, and the Left and Middle and Right Wings —more and more for less and less. It is not in the cards for them to get more and better housing for less money and it is not in the cards for them to get more unless those who invest in real estate are going to be put through the wringer every decade or so and real estate losses run into billions upon tens of billions of dollars. Talk about building owners procuring profits — why, gentlemen, that is a joke! Their profits compared with last year's corporate profits—and I know they were abnormally high last year, but a comparison here is worthwhile—are a mere pittance. And then we hear talk throughout the country about real estate being a profiteering business! If the crackpots really didn't have the country believing them, it would be silly. Unfortunately, the majority seem to follow the "Pied Pipers" of unorthodox economics and peculiar ideologies with never a thought to basic common sense and reason.

But to go on!

In viewing the future of office buildings, I am afraid that the overall expectancies for the next few years cannot let us anticipate rentals much higher than those which are now being received—that is, except in those areas where there is commercial rent control. In New York, the controls will undoubtedly remain until such times as vacancies increase. That is what we call social progress!

No Prospect of Declining Costs

Now, on the operating side of the ledger, there seems little possibility that costs will decline. The wages of help will stay at their present levels—if they don't go higher and, as you know, wages constitute the greatest single item of expense in any office structure. In fact, the wages of some types of help such as cleaning will go higher than they are today. Moreover, I am sure none of us are naive enough to believe that the tax load will decrease. Assessments are going to go up, gentlemen, and tax rates are going to increase too. The social services demanded and required in large urban communities where office buildings exist are definitely going to add to the tax budget and more taxes must be paid because of the increased costs of services presently rendered by municipalites. So, even should there be any slight decrease in operating expenses, it is bound to be more than offset by assessments and tax rates that are going to be much higher than they are today. Increased business and increased occupancy are supposed to offset higher costs, but I see little chance of this in the office building field.

Just a few days ago, Mr. Ernest R. Beech, Vice-President of the Ford Motor Company asserted that under present wage and price levels, it would take more than 20 years of increasing industrial and technological efficiency to bring automobile prices down to where they were in 1941. Think that over, gentlemen, with respect to your own industry! Make no mistake about it, the national and international squeeze-play today is on capital and I am afraid that it will be a miracle—yes, a miracle—if we can reverse trends and tendencies that have existed for almost 20 years. Like everyone else, I have confidence in the American people — great confidence—but our economy today is so complex and politics are so intermingled and entwined with economics that the power of the people that is applied through our democratic methods can lead us to naught but disaster unless there is a greater knowledge and education shown on the part of those who are the leaders. The very same factors that are stifling and strangling the construction of new housing will prevent the construction of new office buildings—except an occasional one here and there, through the next decade. Of course, the value of office buildings are higher than they were prior to the war. They are going to stay higher, 30%, 40% or 50% higher than they were previously. **But here is a point to remember! I don't believe that the relationship as measured by percentage between market value and cost of reproduction in the office building field has changed one iota during the last six years. Prior to the war, market value was only a fraction of reproduction cost—and that statement is still true today. Therefore, I for one, am not optimistic enough to forecast a decline in office building costs to the extent where the construction of many new office buildings will be justified.** And a decrease of 20% in building costs will not be sufficient to bring about new construction. We are all going, we are told, to a brave new world. If we are, all well and good. But we are going to have to think about the factors that I have mentioned and many more too, gentlemen, because our problems are indeed tremendous.

The decentralization of our central business areas was occurring at a rapid rate prior to the war. It is true that this trend has been arrested but the best opinions of outstanding economists, city planners and realtors is that this trend is sure to exist again before many a day has passed. Yes, the problem of automobile transportation and parking is going to have to be solved before new office buildings can be built. Perhaps the solution will come in the way of providing these structures with garages in them for the convenience of the tenants. That is just another element of added cost because when you substitute automobile parking space for office space in a structure, it is reflected in the rent roll, particularly when the element of cost is considered.

New Office Building Is Financial Suicide

Neither have I mentioned air conditioning. Do you know that the occupants of fully half of the modern office buildings in this country are hoping to procure air conditioning for a cost of 10 or 15 cents a foot more. The pressure is on us with this respect, gentlemen, and the manufacturers of air conditioning equipment are very certain to use the talents of the best hucksters in the country to tell us what we ought to do next.

I don't pretend to be a seer or a prophet, or even a fair swami or crystal-ball gazer, but there is one point that I am not going to straddle though some of the leading men in our lending institutions may decide that a middle course is wise, if not valiant. **Anyone who puts up a modern first-class office building in the center of the majority of cities in this country today, or during the next three years, is going to be committing financial suicide. There are only two exceptions to this. Large corporations can erect their own office buildings for their own use, because with the tax question and surpluses, the present cost element may not be as important to them as it is to the average investor.** The only other instance where I see office building construction justified will be when a building is planned and the space is rented for a long term of years to financially stable tenants from the plans. In all other cases, we might transpose the cliche "Look before you leap" to "Sign them up before you jump."

There is one other thought that I shall give to you. Office buildings in the past have not been a paying venture except during periods of great financial prosperity when our economy has been functioning at a boom level. Expressed differently, American business, by and large, and year after year, has not been able to pay for the type of space and the services with which it has been supplied. Therefore, the question should undoubtedly be asked now, "Is there a simpler, cheaper type of office building that could be offered in the American market?"—a building which is simpler in construction and character than the mammoth cellular creation with high speed vertical transportation that have been built in the past and that are contemplated for the future. It may well be, gentlemen, that we should think about supplying to the American business man simple space in buildings no more than eight to 10 stories in height, containing self-service elevators, in which the tenants would be responsible themselves for subdividing an open area into offices. **We cannot go on as we have in the past, throwing away during each decade, billions of dollars down the drainpipe of waste, extravagance and inefficiency. That, in America, does not make sense. If there ever was an industry or a business that needed overall planning, it certainly would seem to be our $10 billion office building industry.**

Of course, there are new problems challenging you; problems that were not thought of and did not exist before. But, gentlemen, we are not living in 1914 or 1935, or even in the world of 1942. Not only is our political and economic system challenged by more than three-quarters of the globe—we alone, of all nations, are endeavoring to preserve, in some manner or other, the essence of the system we have come to know as capitalism or free enterprise. We are all more aware today of our many responsibilities than we were a decade or two ago, but to expect that your industry—the office building industry—to remain unchanged is only folly. We cannot go back to the same old stand on which we did business in 1929-1937, or even 1942. We will have to orient and adjust ourselves to a world and a nation that are not static, but rather dynamic. And that will be a difficult task!

There was a sign, almost a hundred years ago, at the beginning of a prairie trail in Wyoming, which read: "Choose your rut carefully; you will be in it for the next five hundred miles." My advice to you, gentlemen, is to choose your rut carefully too—for, from the trail that you enter now, I'm afraid that there can be no turning back.

Cleveland Bond Club Elects Officers

Newly elected officers of the Bond Club of Cleveland are as follows: Eldridge S. Warner, Hayden, Miller & Co., President; William H. Clark, Merrill, Turben & Co., Vice-President; Stanley M. Eilers, Hornblower & Weeks, Treasurer; and Clarence F. Davis, The First Cleveland Corporation, Secretary.

The officers and Byron R. Mitchell, C. F. Childs & Co.; Orin E. Koeser, Blyth & Co., Inc.; Rudford K. Wilson, Curtiss, House & Co.; Harold L. Emerson, H. L. Emerson & Co., Inc.; Russell J. Olderman, Fields, Richards & Co., constitute the Board of Governors.

The retiring governors are: Walter B. Carleton of Fahey, Clark & Co., who served as President and Jay J. Quigley of Quigley & Co., who served as Vice-President.

The Technical Viewpoint

(Continued from first page)

rallies and declines subsequent to the October 1946 lows of the Industrial group have recently reached zones where good buying is now being recorded.

The market now—June of 1946—including practically all important issues and a vast majority of secondary stocks has entered the early phases of an extended uptrend. This uptrend is likely to continue until the advance is well into the zone 205 to 225 before it meets offerings sufficient to cause a reversal of the present Basic Uptrend. Some stocks are well along in this uptrend from their October-November 1946 base levels of accumulation. Others are now breaking out into new uptrends after extended periods of accumulation. Most of the remainder are now around levels where important long-term buying of investment caliber is taking place. A few—relatively very few, could dip to new lows before basing out. However, these few are not likely to decline more than about 5% to 8% below their recently recorded 1946-1947 lows.

So, we are in an uptrend. And—some will ask, is it a BULL MARKET UPTREND, or it is a BEAR MARKET RALLY?

Bull or Bear Trend?

Call it what you will, an advance from 160 to around 225 is 65 points in the Dow Industrial Average and in common stock price appreciation that "Ain't Hay." Should the move establish a high above the 1946 high some will say—when we have scaled that high—that we have been in a Bull Market since October of 1946. Others will consider the move a third Bull phase from the low established in April of 1942. Should the market falter below the 1946 high established at 213.36, many will say, "I told you so—this is merely a rally in a Bear Market.

Actually, it could be either. And indeed this entire area 160 to 213 Dow Industrials could well become a broad new trading range congestion area from which an upside break-out would develop a blow-off inflationary move having the characteristics of the move from 1926-1927 to the New Era top of 1929.

Actually, is it important to characterize an advance as a Bull Trend in a Bull Market or a Rally in a Bear Market? For some observers—it most certainly is. For investors who are concerned primarily with capital preservation and reasonable growth, it most certainly is not. All they want to know is which way the market is going, how far it is likely to go and which stocks are likely to fully participate in the move. They want to know too, to what extent to be invested and when to sell. Most important is the later—"when to sell." How much to sell and what.

Why Accumulation?

You will no doubt want to know why I brand the zone 160 to 170 as a level of accumulation. For this purpose we will have to go back to November of 1945, because currently since October of 1946, we are experiencing the reverse of what occurred across the last top which began in November of 1945. In that month when I wrote that the market would probably top out in the zone 208-212, certain of my Money-Flow studies flattened out while the market moved higher. They started downward against the market uptrend before the close of the year. This trend reversal of my Money-Flow work was not strong enough in November and December of 1945 to cancel out the indication of the rally 196 to 213. Later, however, by late January of 1946 an additional number of these studies had also topped out and started downtrends. The February 1946 break recorded a sufficient additional amount of quality selling to clinch the conclusion that a trend top of proportions was developing.

The conclusion that a top was building up was further supported by the fact that quality investment type issues did not fully participate in the November 1945 to June 1946 advance.

On May 14, 1946, evidence of developing vulnerability was piling up and I wrote:

"The rally in the general market carried my Money-Flow Indices to zones where caution is suggested. In terms of the Dow Jones Averages that rally faltered at a critical resistance level which is additional evidence calling for caution. Unless both the Rail and the Industrials are substantially higher within the next week to 10 days, I would strongly favor a cash position of from 25% to 50%—or double that of any suggested in the past many weeks. MANY INDIVIDUAL ISSUES HAVE BEEN TRADING FOR MORE THAN SIX MONTHS AROUND CURRENT PRICES AND THE FAILURE OF THE MARKET TO GENERATE A BROAD UPSWING SOON WOULD I BELIEVE LEAD TO A SELL-OFF THAT WOULD BREAK FEBRUARY LOWS AND COULD DIP TO THE 165-170 LEVEL BEFORE FINDING GOOD SUPPORT BUYING. Sell on strength in anticipation of a downtrend greater than 10%."

By June 28, 1946, the case was completed and on that day I stated:

"Many individual issues have already broken their February-March lows. Although the averages do not as yet confirm it, a decline to 165-170 Dow Industrials could easily follow."

The Background of Accumulation

When in mid-September 1946, with the market below the 170 level, my Money-Flow studies were moving upward sharply, I saw good evidence of the beginning of new accumulation and I wrote:

"Stocks are meeting investment support buying. My investment trend studies have recorded indications confirming the turn of the trend and the beginning of a new uptrend. WE NOW HAVE THE REVERSE OF THE IMPLICATIONS RECORDED IN JANUARY, MAY AND JUNE OF 1946. The current sell-off in my opinion is the last opportunity to buy stocks around current lows prior to a sustained advance." (Chrysler was then around 80—dipped to 76—rallied to date to 109.)

In October of 1946, when the market had dipped five times below the 170 level and had rallied sharply after each of those declines, it was adding additional implications that accumulation was taking place in investment issues on weakness in the zone below 170. It was then that I wrote the article, "Who Said Bear Market?", published in the "Chronicle" of Dec. 26, 1946.

All this time mid-September of 1946 to June of 1947—my Money-Flow studies have been developing uptrends and adding to the authority of October - November conclusions that accumulation in investment issues was and is taking place. During April, May and June we have again witnessed the market dipping below the 170 area and rallying quickly and sharply above it on four separate occasions. More evidence of accumulation and the beginning of an extended Basic Uptrend movement of proportions.

While the averages rallied October to February and declined February to May, many individual issues completed accumulation bases and started uptrends. Rallies and declines subsequent to the May lows are now developing new bases in many issues which moved to new lows during the February to May decline. Meanwhile additional stocks complete their accumulation bases and start new uptrends. THIS IS THE REVERSE OF WHAT OCCURRED AT THE TOP IN MAY AND JUNE OF 1946.

The Current Position

As the situation stands now—those issues which have not based out or which have not as yet started their uptrends, those situations which dipped into new low ground during April, May and June are at levels where they have completed or nearly completed the full extent of downside trend objectives implied from their 1946 distribution tops. They will back and fill developing bases of accumulation as other issues and the market move higher in their uptrends. Many issues have been trading around current levels for more than six months.

This is indeed a BULLISH situation and marks the final phase of Accumulation, the final period of preparation for an exceptional advance.

Statistical Support

My work primarily technical in character is based almost wholely on studies of Flowing Money. Money going into and out of stocks individually and money going into and out of the market measured as a separate entity. I study too, those indices and factors usually referred to by economists as statistics.

One of these studies now lending great support to my present Bullish opinion is a study of Price-Earnings Ratios of the stocks in the Dow Jones Industrial Average. This interesting work is prepared and maintained by my friend and collaborator Mr. Anthony Gaubis, Investment Consultant of New York. The work goes back to 1920 and has been very helpful at critical times.

This study now shows that on only one occasion in the past 20 years did the Dow Industrial Average record a price-earnings ratio lower than at the low point recorded in May of this year. Moreover, based upon a low estimate of earnings of these stocks for 1947 and a low price-earnings ratio for the year, the Industrial average before the end of this year should sell at 205 to 215.

Since this checks with my forecasts based on Money Flow and other technical work, I think it adds authority to the implications of these technical studies.

We go now into fundamentals which seem to support technical conclusions that accumulation is taking place.

Briefs on Fundamentals

Basic Commodities—This group which has been attacked by many as being too high in price and out of line in our present economy has held close to the highest levels recorded in the past 20 years. This is contrary to the expectations of many observers and commentators who were depending upon a decline similar to that experienced after World War I. With no collapse in basic raw material prices indicated there is now more willingness on the part of those observers to believe that stocks will go substantially higher before going substantially lower than the 160 level.

Exports—Our foreign trade and especially our exports have been holding up well in excess of best expectations. The whole world has been clamoring for almost everything America can produce. This extraordinary high level of foreign demand continues and shows no sign of nearby let down. Matter of fact our State Department seems to be planning a worldwide WPA program which will use a still larger proportion of our national production. This too would support the outlook for higher stock prices.

Employment — Take home pay is the highest in the history of our country. The number of people gainfully employed is at the highest level and they are working for the highest wages ever received. With large backlogs of orders on the books of all types of manufacturers, it is indeed difficult to justify an opinion that this condition will alter much in nearby time. Full employment at high real wages cannot bring about either a recession or a depression.

Retail Trade — Stimulated by record high farm income and new high factory employment at high wages the dollar volume of retail trade is at a record high and increasing. We must also remember the fact that for five long years our consumers were denied many of the things now at long last beginning to become available. This certainly does not indicate a collapse of purchasing power followed by its resultant price war.

Money and Credit — Although the government is retiring a very small part of its very large debt the amount of money in circulation remains high both as to totals and as to per capita distribution. Credit is available, expanding and cheap. Veterans are soon to receive state bonuses. They are also likely to get federal laws making their terminal leave pay bonds payable on demand. These facts all add up to an expanding economy not to a collapse or recession.

Production—All along the line a study of production shows new

postwar and new all-time highs for both volume and dollar value of production. Moreover, high production rates are continuing for longer periods of operations in many fields. Raw materials of all types are still holding back full capacity production in many industries. In some fields, such as metals, coal, autos and other capital goods yet higher production levels are in prospect. This will most certainly force the preachers of gloom and depression to realize their errors. And they should soon make a complete about face.

The Price Level—Many economists argue that prices are too high and must come down. I believe that with the higher levels paid to workers we cannot expect lower prices for the goods we consume. Labor will not go back to prewar wages therefore, we cannot expect prewar price levels for the goods produced by postwar high cost labor. We must reason from a new price level plateau much higher than our prewar standard. On a normal relative basis stocks should now be selling for about 210 to 240 in the Dow Industrial Average.

Politics—In this field we have recently witnessed a complete about face in politico-economic propaganda. Remember the plan—put wages up while at the same time reduce the price of finished goods? Remember the forebodings of a depression — recession? Remember too how suddenly the entire Washington publicity machine made an about face when the President stated—"no recession or depression now indicated." Surely the economy must be in a very healthy condition to withstand the total of the pressures forced upon it by these drives designed to make us believe things which are untrue.

Yes, indeed the American Free Enterprise System and the condition of our economy is healthy and expanding. The greatest peace-time production and prosperity in our history is ahead of us. Prepare for it—BUY good common stocks now. This is the time for optimism and confidence in the nearby future of our country.

As We See It

(Continued from first page)

see "circulating behind" the statement, "a conception of a great cooperation between Europe and the wonderful and powerful Western Hemisphere."

In Russia the first reaction appears to be that "General Marshall's plan is nothing more than an extension of President Truman's plan for political pressure with dollars and a program for interference in the internal affairs of other states," although after Mr. Molotov decided to go to Paris one of the official organs of the Moscow regime in an apparently more friendly spirit expressed the view that "serious responsibility lies before the three Foreign Ministers in their conference on Friday in Paris."

Invitation to Apply?

In many quarters, both at home and abroad, the words of the Secretary of State were interpreted as hardly less than an invitation to Europe to file bids for American largesse. It was not long before stories began to circulate—whether, in any way inspired or not, we do not profess to know—that the authorities at Washington envisaged further "aid" to Europe amounting to some $20 billion during the next half-decade. Steps taken meanwhile by the President to ascertain the amount of such "assistance" we could with reason supply, and the effect such generosity might have upon our economic welfare, inevitably added strength to these rumors of planned or projected fabulous giving in the years immediately ahead.

Forecasts in several quarters, including semi-official outgivings in Washington, expressing the belief that the enormous export volume of the first half of this year would not continue much longer, and that the effect upon our economy would be marked, served further to strengthen the impression that the planners and managers in Washington were definitely developing a program of profligate giving or "lending."

It at length came to pass last week that the Secretary of the Treasury felt it necessary to tell the public that the "Marshall Plan," as whatever it is that is in the mind of the Secretary of State has now been labeled, should not be construed as an offer of American help, and to add a few hours later that his comment was not to be interpreted as in any way in disagreement with what the Secretary of State had said. Meanwhile, the President is reported reliably to be "in agreement with both the Secretary of State and the Secretary of the Treasury." Precisely what interpretation is to be placed upon all this, we shall have to leave the reader to decide for himself.

Some Vital Factors

There are, however, certain things which we had hoped the Secretary of State had very definitely in mind when he spoke these now well publicized words at Harvard University.

We had hoped, and we still entertain the hope, that he intended to remind the great powers of Europe—and possibly indicating a somewhat belated recognition of the truth by his own government—that drastic changes in the attitude of the victorious powers toward the conquered nations and a sweeping alteration in the economic relationships of European powers are a sine qua non of economic recovery or even economic half-normality on that continent.

We expressed our own views on these subjects in these columns in a recent issue. It was quite plain to us then, and it is just as plain now, that much of Europe and more of our own citizens than one would expect to find are much inclined to view this country as the economic patron of the world, destined somehow to see that all other peoples, particularly those who are likely to go to war or to adopt internal economic or political systems not to our liking, do not suffer the consequences of their own folly.

We very emphatically asserted at that time that not only should we be unwise to assay any such role, but that the burdens of the part would obviously be beyond our capacity to carry. All of this is true of Europe as it is of the world. We pointed out at that time that most of the countries of Europe about which definite information was available appeared to be buckling down to work, and were making at least reasonable progress (as compared, at any rate, to that following World War I) toward prewar performance.

Germany!

The exception was of course Germany, where destruction was immensely greater this time, and where the three conquerors are still pursuing policies which make return to normality utterly impossible. Fully as cogent in the existing circumstances is the fact that Germany was, in a sense, the prewar economic core of Europe. What is taking place behind the iron curtain, no one really knows—except that normal communications and normal interchanges of goods and services are not taking place. The over-all European economic picture is accordingly much worse than there is any need for it to be, and, moreover, the hope that it can return to anything approaching normality under existing conditions of division, iron curtains, complete compartmentation, and antagonisms is slight indeed. Economically speaking, sending aid to the Continent under these conditions, however kindhearted or generous it may be, is almost like pouring our wealth down a rat hole.

Van Alstyne Noel Offers Bowman Gum Stock

An underwriting group headed by Van Alstyne, Noel & Co., on June 27 offered 268,875 shares ($1 par) common stock of Bowman Gum, Inc., at $7.125 per share. This offering, on behalf of certain stockholders, represents the first public distribution of stock of the company, which heretofore has been privately held.

Bowman Gum, Inc., a Pennsylvania corporation, has been manufacturing and selling chewing gum since its organization in 1932 by J. Warren Bowman, President of the company. Bowman brands are: "Warren's Mint Cocktail" in the conventional 5-cent field and "Bub" bubble gum.

Believed to be the fourth largest gum manufacturer, products of the company are distributed throughout the United States. In January of this year the company resumed the manufacture of bubble gum which had been discontinued during the war because of shortages of material. On the basis of sales to date, the company has regained its pre-war position as a leading producer of this item.

Net income after all charges and taxes for 1946 amounted to $870,271, or $1.30 per share of common stock. For the first quarter of 1947 ended March 31, net income was $490,038 after all charges and provision for income tax, which is equivalent to $0.73 per share.

Now Proprietorship

ALLENTOWN, PA.—C. Vaughn Converse is now sole proprietor of C. V. Converse & Co., 514 Hamilton Street.

The Problem of Planning

(Continued from page 3)

represents the internal factors about which he will always know more than anyone else, regarding which he needs no advice from anyone else but also regarding which he can never be completely impersonal or objective in his thinking because they are too close to him and too close to his emotions. The other set of factors are the external factors having to do with the outlook for business as a whole, and if they are extensive enough in the aggregate it is extremely difficult to be personal about them. In fact, it might be said that the more extensive they are, the more impersonal they become.

And the reason why both sets of factors are important should be relatively obvious. We learned in elementary physics something about the components of forces and, while it is entirely possible for any business to constitute the exception to the rule and sometimes for a fairly protracted period, it is safer to proceed on the assumption that if all business is improving our own business will do better than would be the case if all business were deteriorating.

In the search for source material regarding the aggregate external factors, again we are confronted with the difference between inductive and deductive reasoning, and there are any number of those who reach their conclusions regarding aggregates by adding one component to another, I have never seen such an agregate which comes within gunshot of the aggregates which are easily available from an entirely different source, and a source which is well known to most of us, although it has not been used by many of us as much as it should have been used. That source is the report published by the Federal Reserve System, summarizing the weekly reports to that System of the member banks comprising the System and it literally reaches into the highways, the byways and the hedges and includes every completed transaction by every buyer and seller of goods or services throughout the entire nation —or at least it includes so substantial a percentage of those transactions that it might as well represent the whole.

The Money Factor

There is almost nothing we do that is not done with money. We buy and we sell; we borrow and we lend; we invest and we speculate; we save and we hoard; we waste, give away or we lose money; always money is involved and, for the most part, this money represents checks drawn against deposits in the banking system, all of which are reported faithfully and accurately every week by each bank to its regional Federal Reserve Bank and by that bank to the System as a whole. Even though the transactions we carry forward are with circulating currency, and not with checks, it required a check in the first instance to draw that currency from the bank, and allowance is easily made for the turnover or circulation of the currency. As an illustration of the fact that aggregates built up by the addition of components are always far below the aggregates immediately available in the banking figures, I would like to cite that the gross business done by over a thousand of the country's leading corporations in 1946 was something over $53 billion. If we assume that for every dollar they took in, they paid out a dollar, so that the aggregate becomes $106 billion and if we then assume that this aggregate fanned out in the economy to the point where it multiplied itself by five and became $530 billion and if we add a couple of hundred billon to that aggregate, for fear that we might have overlooked something, it might be reasonable to assume that about $725 to $750 billion represented about all of the business done in the nation for the year 1946, but the banking figures disclose a very different story. It has been estimated that the reporting member banks represent between 60 and 70% of all the banking business done, and in those reporting member banks there is the record for 1946 of over $1 trillion of checks drawn, so that, taking into consideration the non-reporting banks and the turnover of $28 billion of circulating currency, it is a perfectly reasonable assumption that there was consummated in the United States for the year 1946 about $1½ trillion of business—or more than twice as much business as was represented by what appeared to be a pretty wild and wooly extension of the gross receipts of over a thousand of the country's largest corporations.

However, and in order to make the banking figures useful to the planner, they must be translated into the figures of business, and not the figures of the banks themselves, as they are in the original report. This translation is the simplest process in the world, and for the simplest of all reasons. In a bank there is no deposit liability which is not the asset of someone else, nor is there any earning asset which is not the liability of someone else. The Federal Reserve report is the condition report, the balance sheet and the earnings statment, if you like, of the banking system. Turned inside out, it becomes the condition report, the balance sheet and the earnings statement of the customers of the bank, who are public and who are, if you wish to think of them in such terms, the United States of America, Inc., the biggest cooperative enterprise the world has ever seen.

This condition report can be analyzed by old fashioned bookkeeping methods and without recourse to economic theory. I am an economist and not too proud of it. Economists, generally speakin, are altogether too prone to bog down in their own vocabularies. They seldom understand each other and, on occasion, I suspect that they don't understand themselves. As an economist, I may be pardoned perhaps if I state that I would not give a dime for any economist who did not have a good sociologist looking over his shoulder, and I would swap them both for an expert in mass psychology, any day. But the only trouble with all of that is the simple fact that I have yet to meet an expert in mass psychology who does not proceed in the first few paragraphs of any discussion in which he participates to get knee-deep in metaphysics, which someone has defined as the science of deliberate self-bewilderment.

The Economist in Planning

But, entirely aside from the idiosyncracies of the economist and his propensity for using big words, which do not mean the same thing to all economists, his problem as an adjunct of planning is very real and is something about which he has done very little. The nature of his science compels him to reason from cause to consequence, and in the middle of that reasoning there sits the most unpredictable factor in the world, a fellow called John Q. Public, who may or may not do the thing the economist assumes he will do either because he did it before under similar circumstances or because, in all conscience, he should do it under any circumstance.

And this points up the advantage which accrues to the user of bank figures as source material for the analysis of the external factors, without which the planner is seriously handicapped. The bank figures represent completed transactions. They are the answer to the mass psychologist's problem. They are also the answer to the economist's problem, because they represent the first results of mass psychology and the primary consequences of mass psychology —and if your reasoning is from primary consequence to secondary consequence you are not subjected to the hazards of the unpredictable John Public, because John Public in that reasoning has already expressed himself quite definitely and conclusively.

It would be possible to expand the thesis of the usefulness of bank figures and bank-figure analysis ad infinitum and ad nauseam but out of this particular type of reasoning there have emerged recently just a few facts and factors that are so important and so pertinent that they should be cited to any group which has the responsibility of planning.

The first and most important of these has to do with the changed aspect of our economy as a result of having won a war and having indulged in a great many lesser evils in order to escape the consequences of the greatest of all evils, which would have been the loss of that war. There were those who told us that because these evils were lesser evils they were good, but they were never good except by comparison, and now that we have escaped the consequences of that greatest of all evils, we must resign ourselves to suffering the consequences of a whole host of those lesser evils, the greatest of which is an astronomical debt and a tremendously expanded money supply, resulting from the monetization of credit in the creation of that debt.

This process is not new, but always before when credit has been monetized to the point where our money claims against goods and services have become substantially greater than the sum total of the goods and services which we are able to produce, it has been possible to collapse that money by calling the loans which created it—and in the process collapsing the borrower and sometimes the lender. In this particular case the borrower enjoys the unique distinction and privilege of printing the money if it is demanded and so, unlike any previous period in our history, today's excess purchasing power, which has been estimated as something between $100 and $150 billion, is non-collapsible, is permanent and will continue to exert a definite upward pressure against all prices —including, if you like, the wages of capital, which is the interest rate.

Once we get it fixed in our minds that a large part, if not all, of today's price rise is going to be fixed in our economy permanently and that we will never go back to 40-cent wheat and 5-cent cotton any more than we will go back to the low wages and long hours of our granfathers' days, the problem of organizing ourselves and planning for the future becomes simplified, at least to that extent, and that is the most important fact which must be realized by every single planner today as constituting the major difference between the conditions under which he or his forefathers may have planned in days gone by.

Your investment portfolios are not, for the most part, affected by shifts in the price tag on the ownership of American business, but it is that price tag which affects the price of all speculative securities and I don't need to tell you that investment securities frequently become speculative if they are not pretty carefully watched and if we do not apply the admonition of the toothpaste manufacturer and "see the dentist twice a year" with our portfolios as well as our teeth.

However, you do have a deep concern with the outlook for the interest rate, and in that connection I can only give you something to think about. We will continue to be a capitalistic nation, not so much because we like capitalism, but because we have become a nation of capitalists. We went into the first World War with a few hundred thousand investors and came out of it with two million investors. We went into the second World War with a few million investors and we came out of it with a great many million investors—and that story doesn't need to be retold. Now, capitalism will not work unless capital is at work and capital will not work for starvation wages any more than will the bricklayer. Nor will it work unless it is presented with a valid and satisfactory reason for working. That is why we have such a thing as a bond business, why there are securities exchanges and why the finance industry has become the greatest middleman industry the world has ever known, but back of it all there is the working of capital—and it is the aggregates of capital owned by little people, not the tremendous aggregates of capital owned by the very rich and very few. That day has also passed into history and taxation took care of it. There can be no longer any danger that any individual's fortune will mount to such heights that it will control the destiny of the world, if not the universe.

We would not have $28 billion worth of circulating currency today if interest rates were high enough so that the little fellow would think it worth his while to deposit his money in the bank instead of under the mattress or in a teacup on a shelf. He is the principal hoarder today and the banking figures provide an interesting proof of that simple statement, because, in order to hoard you need big bills, which bulk less in a limited space. Now, a $20 bill is a big bill to a little fellow; a $100 bill is a big bill only to a medium sized fellow and a chap has to be quite a wealthy man to think only of $1,000 bills as big bills. In 1929 we had about $4½ billion worth of circulating currency as a total. Today the total of $20 bills alone is over $9 billion and, incidentally the next largest denomination is the $10 bill—and before we get to the $1,000 bill we are down into pretty small aggregate figures.

It is easy to say that interest rates are low because there is so much money competing for available investments and, if the future purchasing power of money could be assumed to be a constant, that would be a reasonable conclusion, but as it becomes increasingly apparent that the pressure of the excess purchasing power already created is bound to put prices up and the future purchasing power of money is recognized as something which is likely to be less, rather than more, promises to pay money in the future will be thought of in terms of a discount and not a premium, and that is why the interest rate will rise. When, no one can tell. The process probably will be slow. It has already started. It is an extremely important thing to think about.

A New Cabinet Department

(Continued from page 9)

means by which, as a country, we earn our livelihood. They are service agencies dealing with the study and promotion of farming, of foreign and domestic trade, of commerce among the states, of labor conditions and standards. They engage to a large extent in research, and in statistical and scientific studies; they regularly publicize and disseminate analytical and informational material.

The proposed department obviously falls into this latter classification as a service and promotion agency. It would do for segments of our social and cultural life what the last three departments do in the interests of agriculture, business and labor. It would define, assume and promote as a primary responsibility of the National Government, the protection and development of the health, welfare and education of the people. That is the essence of what creating such a department would mean.

Now the question is, do we acknowledge such activity in this particular area as a basic Federal responsibility? All powers not specifically granted to the Federal Government under the Constitution *were and still are reserved to the States.* This cannot be overemphasized. The provision of the benefits and protection of these aspects of our social and cultural life—education, health and welfare—have been and today are still essentially the function of State and local governments. On the other hand, there is said to be a real need on the part of some States for Federal financial and moral support in these fields: financial, because of assumed fiscal inadequacy; moral, from the point of view of developing, raising and unifying standards.

Already Uncle Sam has put his seven-league-booted foot into these fields by fostering and increasing Federal aid to the States for myriad "social" purposes. Already there exists a large, comprehensive and well-integrated net work of Federal offices and agencies providing money grants, service and supervision to the States in the fields of public health, social security, vocational rehabilitation and education. Some aspects of general social welfare have been of Federal concern and activity for a long time, public health and vocation rehabilitation, for example. Public assistance, which involves by far the greatest amount of money and intergovernmental relationships, is comparatively new, having been given emergency impetus during the great depression. Other aspects, such as health and disability insurance and grants-in-aid for education are still in the state of Presidential recommendation or, as in the case of education, in the form of bills now before the Congress.

In other words, there is not only the question of determining the justice and propriety of permanent, basic, Federal responsibility in this area of government function; there is also a question of the need for it—need not only for the continuance and expansion of already existing Federal grants and services, but need for their elevation to a departmental status where the tenor of their administration will be necessarily changed to one of Federal authority, initiation and action.

It is doubtful, but of course may be that the States are not only willing but desirous of relief from their burdens by way of an increase in Federal jurisdiction. If the associations and agencies testifying in favor of a new "cabinet department" truly represent the opinion of all the people as well as the professionals in the respective fields, then there will be only one answer: we will have a new department. On the other hand, if the people of the several States prefer to retain their sovereignty in those governmental functions, then let their voice be heard in protest and there will be no new department.

The real issue, therefore, seems to be as simple, but as fundamental, as whether or not the States choose to defend their identity—in the words of Jefferson's first inaugural address—"as the most competent administrators for our domestic concerns."

U. S. Declares Military Force May Be Necessary In Greece

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travention of the same basic principles.

Action Urged

This is a matter which the Security Council must face squarely. The Members of the United Nations have conferred upon the Security Council primary responsibility for the maintenance of international peace and security and have agreed that in carrying out these duties under this responsibility, the Security Council acts on their behalf. It is the duty of this body to take the action necessary to prevent further support of the Greek guerrillas by its northern neighbors so that Greece may determine its own destiny within its rights as a sovereign Member of these United Nations.

The Council invited the Investigation Commission to make proposals for averting a reptition of the border violations. The Commission has worked carefully and diligently on this phase of the problem. Nine of its eleven members have subscribed to a recommended course of action for the Security Council. This course of action is stated by the Commission's report to have been "framed in the spirit of Chapter VI of the Charter of the United Nations with a view first to preventing any aggravation of the situation, and secondly to alleviating it and eventually restoring it to normal."

Having established the Commission and having received its carefully prepared proposals, the Security Council, if it is to proceed in orderly fashion, will now consider the Commission's proposals as its first order of business. No member of this Council should wish to divert its attention from this immediate task. One of our principal purposes in establishing the Commission was that it should propose a course of action for the Security Council. We could hardly convince the world of our seriousness of purpose if we were to take up any new course of action before having fully explored the proposals presented to us by the Commission. I, therefore, submit that the Council should proceed promptly to the discussion of these proposals.

Three Kinds of Proposals

The Commission has made three kinds of proposals. First, the Security Council would call upon the countries in question to refrain from the support of elements in neighboring countries aiming to overthrow their lawful Governments. Secondly, the Commission has recommended that the Security Council call upon the four Governments concerned to take certain action necessary to rectify the situation. They are to conclude conventions to regulate and control their frontiers; they are to establish controls for refugees and to study the practicability of concluding agreements for the voluntary transfer of minorities. These recommendations the Security Council would make to the parties concerned.

The Security Council must use the full weight of its influence in this situation at least for a limited period of time. The Commission has recognized this in proposing that the Security Council establish an agency of its own in the area. This agency will have a duty and function to investigate frontier violations and to use its good offices for the settlement by the means mentioned in Article 33 of the Charter of certain controversies and complaints having to do with the frontier and will also assist the four Governments in carrying out the recommendation made by the Security Council direct to the parties concerned.

The proposals of the Commission also include a provision that this agency should have the staff necessary to perform its functions, including persons able to act as border observers and to report on the observance of the frontier convention to be established, the state of the frontier area and cognate matters. Considering the nature of the terrain and tremendous problems involved in the controls which the Security Council would recommend direct to the parties concerned, the Security Council agency would have great difficulty without such a staff. It may not be possible at this time to place border observers at every point along the border, nor can it be determined how many such observers will be required until this new agency becomes a going concern and until it has analyzed fully the nature of the problem. Nevertheless, this new agency must call upon the United Nations for adequate assistance in this regard. Insofar as possible this agency must establish a continuous surveillance of the border, thus making it possible for the United Nations at all times to be fully aware of any violations.

In this connection. I wish to draw the attention of the Security Council especially to the proposal of the Commission that: "In the light of the situation investigated by it the Commission believes that, in the area of its investigation future cases of support of armed bands formed on the territory of one state and crossing into the territory of another state, or of refusal by a Government in spite of the demands of the state concerned to take all possible measures on its own territory to deprive such bands of any aid or protection, should be considered by the Security Council as a threat to the peace within the meaning of the Charter of the United Nations."

Enforcement Action Contemplated

My Government attaches great importance to this proposal. Although the Charter contemplates the pacific settlement of a dispute of this kind, we cannot overlook the fact that the Charter also contemplates enforcement action when a situation becomes aggravated to a sufficient extent to warrant it.

The Commission has clearly recognized that the situation will be more serious if the acts committed by Yugoslavia, Albania and Bulgaria against Greece's independence should continue. It is important that the Security Council approve this particular proposal which the Commission has made. It is important because it will make clear to these countries and to the world that the continued use of force in violation of the Charter must be regarded by the United Nations as requiring enforcement measures.

Taken as a whole this is a carefully devised plan, a plan which our representative on the Commission developed in the light of conditions on the spot.

The future of the United Nations and the peace of the world require that the United Nations take effective action to put an end to violations of Greece's northern border. The problem is to find and act upon the course of action best suited to accomplish this purpose. My Government is convinced that the Security Council should at this stage in this case continue to act under Chapter VI of the Charter, bearing in mind that if the acts and practices found by the Investigation Committee should continue, the Council will be compelled to consider that there is no longer a dispute, but that there exists a threat to the peace, breach of the peace, or an act of aggression within the meaning of Chapter VII of the Charter.

The framers of our Charter contemplated that the provisions of Chapter VI should serve as an impelling and effective instrument for the settlement of disputes. In its year and a half of operations we must recognize that the Security Council has in fact effectively solved several serious problems by recourse to the provisions of pacific settlements. The authority of the Security Council under Chapter VI carries with it the full weight of the United Nations. The Members of the United Nations and those who look forward to becoming members must also be deeply conscious of the obligation of members under Article 25 "to accept and carry out the decisions of the Security Council in accordance with the present Charter."

For the reasons which I have earlier set forth, I propose that the Council adopt the substance of the proposals of the Commission. Our representatives on the Commission have given many hours of study, thought and consultation to the drafting of these proposals; I strongly recommend that the Council follow them as closely as possible.

I am submitting for the consideration of the Council a resolution with this purpose in view. I would like to call your attention to the fact that this resolution follows closely the text of the proposals. Only those changes have been made which have been found necessary to translate the proposals into the form of a resolution, and to establish satisfactory terms of reference for the continuing Commission.

Morgan Stanley Offers Southern Bell Debs.

Morgan Stanley & Co. headed an underwriting group that offered publicly on June 26 $75,000,000 Southern Bell Telephone & Telegraph 40-year 2⅞% debentures, due July 1, 1987 at 102.80% and accrued interest to yield 2.76%. The issue has been oversubscribed. The group was awarded the debentures at competitive sale earlier the same day on a bid of 102.40.

Net proceeds will be applied by the company to the payment of $61,000,000 borrowed from its parent, American Telephone and Telegraph Co., on demand notes and the balance will be used to meet further requirements of a record construction program, which is requiring and is expected to require over the next few years the obtaining of very substantial amounts of additional capital. The company spent $70,000,000 for construction in 1946 and $25,000,000 in the first three months of 1947.

The Company as of March 31, 1947, had 2,334,967 telephones in service in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee. The Company estimates that other companies operating in these states had in service on Dec. 31, 1946, approximately 554,000 telephones. Southern Bell on March 31, 1947, had on hand approximately 345,000 unfilled applications for telephones, and these were almost entirely for service in localities where adequate switchboard and outside plant facilities were not yet available.

The debentures will be redeemable on at least 30 days' notice at prices ranging from 105.80% to par plus accrued interest in each case.

Following the financing, the Company's outstanding capitalization will comprise $35,000,000 30-year 2¾% debentures, due Sept. 1, 1972; $25,000,000 40-year 3% debentures, due July 1, 1979; $45,000,000 2¾% debentures, due Aug. 1, 1985; the $75,000,000 in new 2⅞% debentures; and 2,100,000 shares of capital stock, (par $100).

Overby Becomes U. S. Executive Director of Monetary Fund

On June 26, Andrew N. Overby, special assistant to Secretary of the Treasury Snyder on international financial affairs, was sworn in as United States Executive Director of the International Monetary Fund.

Mr. Overby before entering the Treasury Dept. was Assistant Vice-President of the New York Federal Reserve Bank. He is a former executive of the Irving Trust Company of New York and was an army lieutenant colonel during the war. He succeeds Harry White, who resigned as U. S. Executive Director on the ground of ill health.

Edward J. Duffy Dead

Edward J. Duffy, a former member of the New York Stock Exchange and the New York Curb Exchange, and a partner in Edward J. Duffy & Co., New York, died at his home after a week's illness.

Taft—Hartley Labor Law in Action

(Continued from page 15)

other acts which injure labor, capital and the whole population!"

Congress meanwhile had not turned deaf ears on the President's request for labor legislation. The Case Bill was passed and sent to the White House. Mr. Truman vetoed that legislation in June, 1946 even though only a few short weeks before he had pointed out the necessity for such legislation.

When the 80th session of Congress convened this year, the House and Senate again directed earnest attention to labor-management relations. Strikes, particularly in the coal mines, reaffirmed the public in its conviction that legislation was essential.

Week after week, the House and Senate Labor Committees listened to the testimony of witnesses who represented a variety of viewpoints and interests. Organized labor was not excluded from these hearings. On the contrary, we earnestly sought constructive suggestions from organized labor. Instead, spokesmen of organized labor offered no assistance. In fact, organized labor actually refused to admit that abuses existed.

In view of this attitude, it would have been understandable if Congress has yielded to the extremists who would have jeopardized labor's legitimate rights. Congress, however, was as firm in its determination to protect the fundamental rights of labor as it was determined to advance the public interest in labor-management relations.

Labor-Management Relations Act Passed

Congress has passed by overwhelming majorities, in both Houses, the Labor-Management Relations Act of 1947. I believe we have fulfilled our responsibility, the rest is up to labor, management and the executive branch of the government.

I repeat again what I have said countless times before that the new Labor Management Relations Act of 1947 will be effective in bringing us closer and closer towards our objective of industrial peace if it is properly and impartially administered.

I say this because this new law has brought greater balance into the labor-management relationship; has equalized in large measure the responsibilities, obligations and rights of both labor and management under the law; has returned to individual workers their proper freedom of action through a long-needed bill of rights that will protect and safeguard them in both their relations towards their unions and towards their employers; provided new rules for labor organizations which encourage democracy in the organized labor movement and strengthen the hands of the great majority of labor leaders sincerely interested in the development of stable and responsible labor organizations, and equally important, places public welfare and the needs of our people for peaceful labor-management relations in the plant above the selfish interests of either labor or management.

The President's statement on June 26 pledging good and faithful administration of the new law is heartening reassurance that the country may for the first time in many years look forward with hope to a new era of peaceful relations between labor and management. Nothing can be truer than the President's statement that:

"Industrial strife at this critical time can result only in economic dislocation injurious to all of us. If it should reach serious proportions, it would threaten the stability of our economy and endanger the peace of the world.

"We cannot afford such a result. It is our solemn duty to make every effort to maintain industrial peace under the provisions of the new law."

Threatened Coal Strike

Yet, despite this serious warning, we find ourselves again on the threshold of a national crisis—the coal situation, which has the power to paralyze our economy. I believe that the Taft-Hartley Bill, however, places sufficient power in the hands of the President which, if applied with promptness, vigor and determination can save the nation from the disastrous results of a nationwide halt to the production of coal with all the dread consequences that it entails.

If, as now seems likely, coal miners do not intend to return to the mines on July 8, when their contractual vacation period ends, we will be in such a labor crisis as is provided for in the Taft-Hartley Act; and I quote: "A threatened or actual strike affecting an entire industry or a substantial part thereof" that "will imperil the national health or safety." Under the Taft-Hartley law, the President now has the authority to deal promptly and effectively with this emergency. He can now, and should immediately, set up a board of inquiry to secure the facts so that no unnecessary and costly delay will postpone the President's instruction to the Attorney-General to petition a District Court to enjoin the strike, if it takes place.

Since the law authorizes the appointment of a board of inquiry for either a threatened or an actual strike, there is only one course of action open to the President. If he fails to act immediately to invoke that section of the Taft-Hartley Act which provides for a fact-finding board of inquiry, he will himself have failed to live up to his own appeal to the nation "to make every effort to maintain industrial peace under the provisions of the new law."

The machinery provided for in the law should and will, if promptly invoked by the President, end the threat of a nationwide coal walk-out and halt the strike. The first and immediate step is the establishment of a board of inquiry. The second is prompt action by the President through the Attorney-General after receiving the report of the board of inquiry, to enjoin the strike, which means that the strike is barred for a period of 60 days. Following that, the walk-out is enjoined for another 20 days while the National Labor Relations Board polls the employees of each employer involved to learn if they wish to accept the final terms offered by the employer. Thirdly, should the strike take place after this machinery has been fully utilized, the President is then to submit to Congress a full report of the entire proceedings, which will then provide the basis for the formulation of further remedial legislation.

Should this section of the Taft-Hartley Bill prove insufficient to protect the public from the threat of the paralyzing strike that now hovers over it, it is my full intention to introduce a bill in the House which will contain those provisions of the original Hartley Bill dealing with emergencies that were omitted from the conference bill that is now the law of the land.

Act Will Usher in Bettter Labor Relations

The nation looks to the President for prompt and forthright action. The responsibility at this moment lies in his hands. He has the power and the authority. He must act!

Turning from this immediate crisis to the broad, fundamental problem facing the country, I am satisfied that, with genuine cooperation on the part of organized labor, management and governmental agencies trusted with the administration of this law, the Labor-Management Relations Act of 1947 can usher in a new era of constructive labor-management relationships and industrial peace in this country. Congress of course was fully aware that legislation of and by itself cannot bring about or assure good employer-employee relations.

The over-all purpose of this legislation was to restore conditions which would make possible genuine and effective collective bargaining and would promote to the maximum extent the settlement of industrial disputes by mutual cooperation and peaceful means. We now have a new national labor policy under which it becomes far more possible for management and labor, if they are so inclined, to work together for the public good.

It has advanced the opportunity and freedom of management in the development of sound relations with their employees and in the efficient conduct of the productive process.

The President of the United States is to be commended on his forthright promise that this new law will be well and faithfully administered by Government agencies. I am greatly heartened likewise, to see the Presidents of the two great employers associations asking American management to approach their new responsibilities under this law with restraint and a sobering sense of trusteeship to the Amercian people. I am likewise hopeful that the leaders of organized labor will see their way clear to accept this legislation as a confirmation and endorsement of their basic and legitimate rights and as a call to carry out their great responsibilities to the American people in a constructive and forward looking manner.

But it is the employers, and particularly you people charged with the Administration of company labor policies that I wish to speak directly at this time. I know that upon the passage of this law, many of you who honsetly sought to do a constructive job have been baffled and frustrated by the lack of an equitable national labor policy. Under this law, I am convinced that you can now do a better job of relations with your employees at company and plant levels.

While Congress refused to place a ban against industry-wide bargaining, employers cannot be forced to bargain on this basis and can take themselves out of industry-wide bargaining, if they choose. An employer can now insist that the union bargain with him in good faith. In addition, Congress has spoken with decisiveness and finality on the question of the place of foremen and supervisors as members of the management group.

Employers are relieved from the legal obligation to bargain with groups of their own management.

Another important point is that your employees are now free from coercion or domination from any source, thus giving greater incentive than heretofore to company policies and practices seeking to establish friendly and cooperative relationships. The operation of this law and the cooperation of organized labor can be jeopardized at the outset by the failure of employers to take a constructive and statesmanlike view of this law or by rash and intemperate statements or conduct by foremen, or any other members of management in their dealings with rank and file workers and union representatives.

I wish, in particular, to congratulate and thank those companies which have already taken steps to define and announce their policy and attitude with respect to this law to all their employees

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The State of Trade and Industry

(Continued from page 5)

STEEL OUTPUT DROPS TO 72% OF CAPACITY

If the behind-the-scenes negotiations between representatives of industry and the United Mine Workers do not result in a satisfactory coal contract soon the steel industry will be flat on its back within a period of three weeks, according to "The Iron Age," national metalworking weekly release on Wednesday of this week. Chances of such an agreement being reached were not too remote at mid-week and some large steel companies were keeping their oprations at a high level on the basis that a national coal strike would not occur—or if it did it would be short lived. Other steel companies have been forced to cut back operations, the greatest decline occurring in units of the U. S. Steel Corp.

It is expected that unless coal miners return to work within the next week or two, the nation's steel operating rate will decline rapidly and may fall below 50% of capacity three weeks from now. Steel consumers are already suffering the most serious setback since April 1946. This is all the more serious since the steel industry had been reaching the point where deliveries were taking on a normal aspect. A forced operating rate of slightly less than 50% would mean a monthly loss to steel consumers of 3,500,000 tons of steel ingots. A prolonged tieup would mean the industry would be unable to maintain operations at the half-way mark for more than a month.

Rumors circulating that the peace offering of a 35¢ an hour increase made to John L. Lewis by Benjamin F. Fairless, U. S. Steel Corp. President, has resulted in a break in the northern coal operators' front, are unfounded. Until top level negotiations on the coal situation, in progress since last week, reach a point where total agreement is almost assured, there probably will be no "full dress" official meeting and discussions between coal operators and the United Mine Workers. The wage and safety program features in the union demands are not now a stumbling block. Such demands as an increase in the welfare fund contributions, time and a half for Saturday and double time for Sunday regardless of previous time worked, and an argument over possible protection to the union from certain provisions of the new labor act, were still being thrashed out.

The American Iron and Steel Institute announced on Monday of this week the operating rate of steel companies having 94% of the steel capacity of the industry will be 72% of capacity for the week beginning June 30, 1947, as compared with 95.6% one week ago, 97% one month ago and 87.2% one year ago. This represents a decrease of 23.6 points, or 24.7% from the preceding week.

The week's operating rate is equivalent to 1,259,900 tons of steel ingots and castings compared to 1,672,900 tons one week ago, 1,697,400 tons one month ago, and 1,536,800 tons one year ago.

ELECTRIC PRODUCTION 13.1% ABOVE A YEAR AGO

The Edison Electric Institute reports that the output of electricity decreased to 4,674,748,000 kwh. in the week ended June 28, 1947, from 4,676,300,000 kwh. in the preceding week. Output for the week ended June 28, 1947, was 13.1% above that for the corresponding weekly period one year ago.

RAILROAD FREIGHT LOADINGS 5% ABOVE 1946

Car loadings of revenue freight for the week ended June 21, 1947, totaled 901,296 cars, the Association of American Railroads announced. This was an increase of 6,004 cars, or 0.7% above the preceding week, and 42,873, or 5% above the corresponding week for 1946. Compared with the similar period of 1945, an increase of 24,593 cars, or 2.8%, is shown.

AUTOMOTIVE OUTPUT CONTINUES RISE

Production of passenger cars and trucks in the United States and Canada the past week, according to Ward's Automotive Reports, was estimated at 104,855 units. This compares with a revised estimate of 102,545 units the previous week, 66,913 in the like period of 1946 and 127,926 in the comparable week of 1941.

For the five months of 1947 factory sales of new passenger automobiles and trucks aggregated 1,950,493 units compared with 776,366 units for the like period of 1946, during most of which time all General Motors plants were strikebound, the Automobile Manufacturers' Association reported.

NEW BUSINESS INCORPORATIONS STILL DECLINE IN MAY

The trend in the rate of new business incorporations continued downward in May, according to Dun & Bradstreet, Inc. A total of 9,179 new business charters were issued in 48 States during May. This was the smallest number, with the exception of February, reported since last November which had 8,485 charterings. The May count was 623 less than the 9,802 for April, and was almost 3,000 fewer than the 12,112 recorded in January. For the fifth consecutive month the number fell below the figure for the corresponding month of the previous year; the current drop amounts to 2,865, or 23.8%.

BUSINESS FAILURES DECLINE SLIGHTLY

Although declining from the previous week's level, commercial and industrial failures continued in the week ending June 26 to be almost four times as numerous as in the comparable week a year ago. Dun & Bradstreet, Inc., reports 60 concerns failing against 70 last week and 14 in the same week of 1946.

This week's decline occurred entirely in failures involving liabilities of $5,000 or more, falling off from 61 a week ago to 46 in the week just ended.

THE COURSE OF THE STOCK MARKET

On the first day of trading last week the Market touched a new high level following five weeks of rising prices, but on Tuesday the forward movement came to a temporary halt under great pressure of profit-taking with losses resulting.

Later in the week most of the Market's earlier declines were recouped in rather slow trading, aided by a rally in American Telephone and Telegraph stock which was occasioned by news that two of its important subsidiaries had received temporary rate increases. With the first half year period practically at an end, the position of the Market is presently close to the level it began the period.

WHOLESALE FOOD PRICE INDEX LEVELS OFF

After rising steadily for four weeks, food prices leveled off in the latest week. The Dun & Bradstreet wholesale food price index for June 24 remained unchanged from the $6.24 recorded a week earlier. The current figure compares with $4.35 on the corresponding date a year ago. Advances for the week included flour, corn, oats, hams, lard, butter, milk, cocoa, beans, peanuts, eggs and potatoes. These were offset by a sharp drop in fresh beef and declines in wheat, rye, coffee, cottonseed oil, prunes, steers, hogs and lambs. The index represents the sum total of the price per pound of 31 foods in general use.

WHOLESALE COMMODITY PRICE INDEX HOLDS TO NARROW RANGE

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., fluctuated within narrow limits during the past week. It closed at 259.73 on June 24, as compared with 258.74 a week earlier. On the corresponding date a year ago it stood at 199.15.

Grain markets during the past week were unsettled and prices moved uncertainly. Renewed buying interest and reports of continued unfavorable weather conditions resulted in an advance in wheat futures. The cash market was firm but inactive. July corn rose to a record high of $2.00¾ a bushel and then turned downward at the close. Both the domestic and export flour markets were fairly quiet last week.

Advances in the price of spring wheat flours, resulting from the rise in spring wheat prices, caused many buyers to display renewed caution. Lard prices declined fractionally reflecting chiefly an increase in cold storage stocks. Hog values were fairly steady but finished a trifle lower.

Cotton prices rose during the first half of last week and later turned downward. Strength in early dealings was attributed largely to the announcements of Government purchases and to crop developments. Offerings in the spot market were limited and trading was slow. Spot cotton on the New York Cotton Exchange closed at 37.87 cents per pound, as compared with 38.13 cents a week earlier. Reports of extensive boll weevil damage in Mississippi together with the expected small carry-over of old crop held July futures at a high level.

Prices for all months declined toward the end of the week, reflecting chiefly speculative liquidation and, to some extent, a reaction from the sharp rise over the past two weeks. Textiles markets were active last week. The demand for print cloths was heavy but few goods were available. Prices on fine combed gray goods were stronger. However, supplies of almost all staple constructions including broadcloths, lawns and voiles were inadequate.

Activity in the Boston raw wool market continued steady last week. Due mostly to supply conditions, the turnover was chiefly in domestic wools, the heaviest demands being for fine worsted types. Offerings of choice foreign wools continued to be very scarce. The Department of Agriculture reported that consumption of apparel wool for the first quarter of 1947 was at an annual rate of 1,107,000,000 pounds. This is approximately the same as the record rate established in 1946. Preliminary figures indicate, however, that the total consumption for April will be the lowest for any month since July 1946.

RETAIL AND WHOLESALE TRADE HIGHER FOR WEEK AND YEAR

Consumer buying was stimulated by weddings and the gradual mitigation of weather conditions in some areas of the country so that total retail volume for the past week was at a somewhat higher level than that of the previous week, according to Dun & Bradstreet, Inc., in its current weekly survey of trade. Total retail volume continued slightly above that of the corresponding week of last year. The buying public thronged department stores but insisted on better quality or lower prices. Sales were encouraged by price cuts in many lines. Installment and credit buying continued to increase, but collections were slow.

Despite increased consumer resistance to high prices, the dollar volume of food increased slightly over that of the previous week. Continued low purchasing of meat led to scattered price reductions toward the week's end but meat prices generally continued to climb. Poultry and fresh fish were plentiful. Abundant supplies of fresh vegetables and fruits found a ready market, while demand for frozen foods decreased. Sugar purchases continued to mount and supplies of sugar proved adequate.

Rain and cool weather in many areas discouraged interest in summer apparel and sales of beach and sportswear fell moderately. Clothing clearance sales were instrumental in the purchasing of slow moving items. Men's clothing continued in steady demand as selections became increasingly plentiful and desirable. Women's fall suits sold well in some areas.

Hardware volume increased with demand large for garden tools and supplies, lawn furniture and materials for redecorating homes. Known brands of electrical appliances found a ready market. Trading in furniture, rugs and bedding was generally active.

Wholesale volume rose moderately in the week and was substantially above that of the corresponding week a year ago. Buying was characterized by increasing style-quality consciousness and high selectivity.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended June 21, 1947, increased 3% above the same period of last year. This compared with an increase of 6% in the preceding week. For the four weeks ended June 21, 1947, sales increased by 7% and for the year to date by 10%.

Retail trade in New York last week softened as demand for seasonal goods was curtailed by the abnormally cool weather prevailing over a greater part of the week. Department store sales were estimated close to 2% above last year as compared with recent advances totaling up to 10%.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period to June 21, 1947, increased 5% above the same period last year. This compared with an increase of 7% in the preceding week. For the four weeks ended June 21, 1947, sales rose 7% and for the year to date 9%.

Taft—Hartley Labor Law in Action

(Continued from page 34)

and to see that their supervisory force is informed and instructed with respect to this policy and their conduct under it. In so doing employers should stress their clear intention to utilize to the maximum the provisions of this legislation to promote more friendly and cooperative relationships between management and their employees and with labor organizations where they exist.

As personnel executives you should not overlook the new opportunities provided by this law for better two-way communications between management and employees. In my years of experience with labor problems, I have come to the conclusion that much of our difficulties stems from a lack of understanding—on the part of employees, of the problems and viewpoints of management, and on the part of employers, of the problems and viewpoints of management, and on the part of employers, of the hopes, aspirations and needs of employees. Many forward looking companies have already established effective programs looking toward giving more information to their employees about their business and the reasons for sales, production and labor policy. The more successful of these programs are being participated in by the highest executives in the company.

Free Speech of Management

Under the new law, the area of free speech for management has been substantially enlarged. Employers are once more free to talk openly and frankly with their employees, provided of course they refrain from threats or promise of benefit. This opportunity should be utilized by all employers not only to discuss matters of organization and collective bargaining, but to discuss the economics and the problems of their own companies and in return in invite the questions and suggestions of their workers.

I am confident that such a program, if extended throughout American industry, would meet a degree of interest on the part of the workers hitherto little recognized by management. Such programs would call forth a degree of voluntary cooperation on the part of labor in our productive enterprise never yet attained in our history. The extent of our progress in this direction will depend in large measure upon the efforts of employers and you people responsible for the administration of labor policy in your respective companies.

Last Chance for Collective Bargaining

In conclusion, I wish to say that in this new national labor policy, labor and management have one more chance, perhaps it will be the last chance, to prove that collective bargaining is an effective instrument for industrial peace and can be utilized successfully and constructively to raise production and the long range standards of living of the American people.

I am convinced that during the last few years of the Wagner Act, labor relations in this country deteriorated steadily. As a result of the widespread industrial strife during this period, the American public had practically lost confidence in collective bargaining as a process of labor relations. The evidence of this is seen in the many proposals made to Congress for compulsory arbitration. Fortunately, both management and labor were united in believing that this would ultimately bring Government domination and control, which would not only be fatal to free labor but to the American system of free enterprise. While a certain increase in the role of Government in labor relations was inevitable in order to correct the balance, yet the provisions of this law offer a maximum opportunity and incentive for the settlement of industrial disputes by peaceful means and with a minimum of Government interference.

Warns Against Litigation

It is true that under the provisions of this law employers and unions who are so disposed can embroil themselves in litigation before the NLRB and the courts. I wish to warn both organized labor and employers of the fatal consequences to both of them of such action and to urge them with every force at my command that resort to the strengthened NLRB and to the courts should be utilized with extreme caution and only after all efforts for peaceful settlement have failed.

To men of good will, all things are possible. This is particularly true in the field of human relationships. Let us go forward under our new national labor policy, determined to make this the beginning of a better day in the relations between labor and management in this country to the end that the standards of living of our citizens may be progressively raised and the hand of this nation strengthened in its relations with the world.

Congress and Economic Stability

(Continued from page 2)

they are not an outgrowth of the scientific process.

Committee's Two Main Duties

The Committee has two main duties, one being a recurrent duty to handle the President's Report as a whole, not to deal exhaustively with its specific recommendations, and the other to make serious studies and thus to formulate its own report as a guide to the several committees of Congress which deal with legislation relating to the Economic Report, looking to the maintenance of maximum production, employment and purchasing power. In other words, the Act contemplates in the Committee a threefold performance: to interpret the President's Report to Congress, to carry on research, and to advise all the committees of Congress that are dealing with matters that affect economic stability.

That means, of course, in theory, that a tax bill would be handled by, say, the Ways and Means Committee on the basis of its details of the proper allocation of burden of taxation between economic individuals and groups, but that this Committee would act as an adviser on the sort of question Mr. Terborgh has been discussing, as to whether it is the proper time to look to a deficit to stimulate economy, or a surplus to check an inflationary movement, or whether the Ways and Means Committee should disregard the whole question on the ground that we do not know anything about the basic question whether we ought to have a stimulus or a cooling down.

In the case of a housing bill under the theory of the Act, it would be the business of another committee to study whether we need houses; it would be the business of this committee to decide whether a program to build them at such and such a rate and such and such a time would be conducive to economic stability or conducive to an accelerated inflation.

With reference to unemployment relief, it would be the business of another committee to pass on the question of how much an unemployed man needs to eat; it would be the business of this committee to pass on the question whether giving him enough to eat would tend to reduce or increase unemployment.

Obvious Difficulties

There are obvious difficulties in carrying out the objectives, as noble as these objectives are, for the whole program. For one thing, the other committees of Congress, as was to be expected, I think, have not yet begun rushing to this Committee for advice on the over-all aspects of the things they are doing. There are at least eight or 10 committees in each house dealing with matters that are the subject matters of the Economic Report and none of those committees have asked us what we think about those issues; at least, not officially. There may have been inquiries made of some of the individual members of the Committee. The members of this Committee are members of the other committees.

Another difficulty is that this Committee does not have any bills referred to it and all its members are members of other committees which are dealing with immediate problems of legislation. According to the Legislative Reorganization Act, the sessions are apt to be shorter than some recent sessions have been and it is inevitably the tendency to give first attention to the things that are most pressing. So there is a tendency for the long-run task to be put aside in favor of the tasks that call for immediate solution, just as a general in time of war is likely to spend more attention to the problem of avoiding or winning the battle that threatens tomorrow than he is about solving the problems of military science which are probably more important for the long-run welfare of mankind than the winning or the lossing of that particular battle.

Political Complications

There is a further complication which will arise, though it has not been serious so far. That is the fact that many of the issues with which such a committee should deal are inevitably in politics. There is a great disposition on the part of both the committee and the Council of Economic Advisers at the other end of the avenue to avoid getting these things injected into party politics. Certainly, no party wants a depression. But the fact that the President recommends anything, no matter how meritorious, throws it into politics. That is no reason why the President should never say anything on any topic of any importance, but the fact that the President made a number of recommendations in his report, most of them things which he recommended before on other grounds, is a reason why the members of the President's own party are in a somewhat delicate position to participate in the deliberations of the committee and take a scientific attitude on those recommendations.

So much for the organizational situation which we have to work with. I think more important is what might be called the ideological situation which we have to work with; the state of thinking of the general public and of professional economists (and of that intermediate group that is vocal without being professionally competent) on questions having to do with stabilization of employment, maximization of production and the causes of depressions.

Science vs. Mythology

There are a lot of difficult issues here on the borderline between science and mythology. One is the dilemma to which Mr. Terborgh referred, of whether we should deal with the present or the future. Take the fact which he pointed out that during the first quarter of this year we ran a cash surplus at a rate which, allowing for the concentration of taxes in January and March, would be equivalent to $9 billion a year. According to the usual theory, the simplest way to run a compensatory program is to have a relatively stable tax system which will yield a surplus in boom times and a deficit in bad times. As he pointed out, that surplus is largely due to the inflationary developments of the six months preceding and it has had a tendency to check those inflationary developments. But a very large, very vocal, fraction of public opinion is very much alarmed about it, looking at it not with reference to its effect on the inflation that produced it, but with reference to its effect on the depression they anticipate in the last half of 1947. Should we base our policy on forecasts or your current conditions? If we leave it to work out, its automatic effects will have nothing to do with the forecast; its automatic effects will depend on the immediate past.

Moreover, while it is very easy to talk in times of boom about the effect of this, that or the other action on the next depression, we never talk in times of depression about the effect of this, that or the other action on the next boom. In time of prosperity there is a tendency to shape all policies to prevent the next depression, and in the time of depression to shape all policies with reference to the current depression. So we pursue anti-inflationary policies at both ends of the cycle.

Excessive Fear of Deflation

That is partly because we have come to fear depressions more than inflation. The nineteenth century psychology was just the opposite of that in English-speaking countries. It is party due to the fact that on the whole most people recommend for dealing with deflation what they are for anyway, reducing taxes, increasing expenditures, raising wages and raising all kinds of income and equalizing incomes. All the good-tasting medicines are medicines against deflation and all the bitter medicines are medicines against inflation. So the tendency is to take the anti-inflation medicine at both stages of the cycle.

That brings me to a curious situation which economists have to deal with at the present time, that one of the criteria which the public is applying to all suggestions with regard to this problem of stabilization is that anything to be accepted as having any benefit at all from the standpoint of maximizing unemployment must be something that is desirable on every other ground. The tradition of our grandparents was that medicine had to be bitter to do you any good. The present tradition is that it has to be sweet to do you any good.

If you go through the President's report and see the things he recommended, you find that they include a housing program, an increase in unemployment relief, public works, river development, school lunches, a farm program all as measures of stabilization.

I got a letter from a businessman recently in which his formula for preventing depressions was to simplify the income tax return so people would understand it.

Another one mentioned is the encouragement to small business. There, however, is no explanation as to why encouragement to the big business is not just as important. A uniform patent policy is also mentioned. If you take the Bowles Report, you get the same thing in much more aggravated form, including the establishment of an unofficial OPA as a means of stabilizing the economy against a long-run tendency to chronic depressions. You find the same thing in the Nathan Report. You find it in Dun and Bradstreet's report on the reactions of businessmen, too. You won't find it quite in as flagrant a form but the same tendency. Anything you want is good, just as during the war anything you were for was a way to win the war. As soon as the war is over, then everything we want is a way of ending depressions.

That is one element of the environment with which the economist must deal. The second is a curious predilection as to what an economist must be. In Washington any lawyer is an economist. Outside of Washington any businessman is an economist. And in both places any journalist is an economist. There is one prerequisite to qualify, he must speak in words of one syllable. Anything that is obscure is necessarily preposterous. The curious part of that is that the current tendency is to apply the opposite criteria to a lawyer or a physician. You dont expect a lawyer to avoid the use of technical terms. If he did, you wouldn't have any use for lawyers. You would be your own lawyer if the vocabulary was easy.

Finally, there is the criterion that two economists may not disagree. The members of the Supreme Court may disagree without creating any doubt as to whether we have any system of law. They can even split five-to-four. But, if two economists disagree, that proves they are both wrong.

Preoccupation With Immediate Outlook

There is a more fundamental difficulty and that is the tremendous preoccupation with the immediate outlook. As Terborgh has pointed out, our technique for judging the immediate outlook is very dubious and yet it is much easier to get any group, whether it is a labor group or a business group or a congressional group, interested in talking about whether we will have a depression next Fall than it is to get them interested in talking about what are the fundamental conditions to which the Act refers—conditions which make possible the long-run maintenance of a high level of employment, production, and so on.

The Act declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means, and so

forth, to foster, promote the free competitive enterprise, under conditions which will afford useful employment opportunities, including self-employment, for those able, willing and seeking to work, and to promote maximum employment, and so on. That is a man-sized assignment, but it is also an assignment that involves a good deal of thinking and talking about rather abstract and remote problems. It is a dozen times easier to get an audience interested in the question of when the next turn in the business situation will take place or how soon this depression is going to come that has been around the corner for three years than it is to talk about the conditions that will foster and prevent the coming of crises.

The fifth problem with which we have to contend is the utter lack of consistency of public thinking even among intelligent people as to the character of the forces at work. Let me give you three or four illustrations. One is the current analysis of the effect of high wages in time of boom—that wages should be advanced because the cost of living has come up. In time of depressions they claim that wages should be advanced in order to provide purchasing power in order to bring the depression to an end, and if you are thinking of a depression sometime in the future, they should be advanced in order to postpone it. All stages of the cycle call for the same remedy.

Take the liquid assets, the savings of the community. If the community is accumulating liquid assets, it has a bearish effect, because they are creating a deficiency in the market. But if they are using up their savings, that is a bad factor because the savings will be exhausted and the markets will collapse.

The interest rate, which used to be regarded as the panacea for dealing with the problem and which we have the same difficulty in utilizing as with fiscal policy, is not regarded in that light now. Now it is generally agreed that high interest rates are no good as a way to check a boom, but at the same time low interest rates are a great stimulus.

Three Basic Approaches

This is not a counsel of despair; it is just an indication of the kind of a setting in which we are trying to formulate a program. As I see it, there are three basic approaches among which we have to choose. We don't have to choose one to the complete exclusion of the others, but we have to choose from the standpoint of emphasis. The first is the maintenance of a favorable climate, which would be generally interpreted, I think, as the maintenance of a level of profit high enough to encourage somebody to want to be an employer. In the '30's, when we didn't have enough would-be employers and too many would-be employees, we felt that the way to deal with it would be to make the position of employees more attractive and the position of employers still less attractive. That is another example of the backward reasoning that gets by in this field.

Then there is this compensatory approach which Mr. Terborgh referred to in the fiscal policy. It can be fiscal policy, or it can be a central banking approach, to induce expansion of expenditures in time of deficiency or contraction in times of boom. Or you can bring about more equalities of income when you want a higher rate of consumption and more inequalities as a check on a boom. This is another method which is more likely to be followed at one end of the scale than at the other end. Compensation is an attempt to cover up all maladjustments. If we have a situation in which any fundamental factor is tending to bring about a curtailment at one point without a corresponding expansion elsewhere, we cover it up by pouring in enough money so that the stimulus in certain fields will outweigh the negative stimulus in other fields.

Those are the two positive methods of approach. There is a more modest approach which I am tentatively suggesting, and I am not speaking at all for my Committee. They may think it is entirely too modest.

This is the negative approach, which is always criticized as not being constructive. I refer to the elimination of the irrelevant remedies. Progress in medicine did not stop when it was demonstrated that beating the tom-toms to drive the devils out of a sick man was not effective, or when bleeding went out of fashion, but the elimination of those harmful procedures was nevertheless a step in advance. It was a step that was much easier to take than it was to develop penicillin or the sulfa drugs or the anti-toxins. In my judgment, we are at a stage where the most immediate problem is the elimination of the irrelevant, what Mr. Kelly referred to as the work of the "economic soothsayers." We have to eliminate the unfounded claims of various groups of forecasters as well as the remedies that have no relation to the problem.

The elimination of the irrelevant and the misleading is a major task. An example is the doctrine that by raising wages (and this is one which originated in business circles, although it has been taken over by others with great enthusiasm) you can expand the market and thereby increase the volume of activity. Of course, this ignores the fact that you raise costs by exactly the amount you expand the market, so it is at best a washout and may be worse than a washout because bread cast on the waters doesn't all come back. Another example is the fallacy that you can decrease unemployment by making it more attractive. Such remedies represent a beating of the drums to drive out the devils and require the same sort of analytical treatment.

It seems to me that this is a task which economists, businessmen, labor leaders and everybody could agree on, and one which might be set as a short-run goal. I have no faith (I hope I will be wrong about this) that the setting up of a Council of Economic Advisers and the setting up of a Joint Committee on the Economic Report with a staff of three members no matter how able that staff may be, will result in the solution of a problem with which the best minds have been struggling for three generations. I hope I am wrong in saying that on the calculations of probability it isn't likely we will do it by Christmas, but I am putting in that sort of disclaimer in advance so that if we do not have it done, at least you won't claim we said we would.

William R. Staats Co. Elects Osborne, Hodge

SAN FRANCISCO, CALIF.—William R. Staats Co., members of the Los Angeles Stock Exchange, announce that J. L. Osborne has been elected Vice-President resident in San Francisco; and R. R. Hodge continues as Manager of the San Francisco office, 155 Montgomery Street, a post which he has held for the past six years.

Mr. Osborne has a background of 25 years' experience with leading national underwriting and brokerage firms both in San Francisco and New York.

Heller Opens Branch

JACKSON, N. H.—Stanley Heller & Co., members of the New York Stock and Curb Exchanges, are opening a seasonal office at Wentworth Hall.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Frank K. Houston, Chairman of the **Chemical Bank & Trust Company of New York**, has announced that the Board of Directors of the Bank on June 26 approved the transfer of $5,000,000 from undivided profits to surplus account. The capital structure of the bank now consists of $25,000,000 capital stock, $75,000,000 surplus and over $7,000,000 undivided profits. This is the seventh increase in surplus account since 1936.

* * *

The **Chemical Bank & Trust Company of New York** reported as of June 30, 1947, deposits of $1,168,958,598 and total assets of $1,293,093,043 compared respectively with $1,114,939,997 and $1,238,076,886 on March 31, 1947. Cash on hand and due from banks amounted to $325,011,456 compared with $282,009,919; holdings of United States Government securities to $463,613,551 against $471,050,209; bankers' acceptances and call loans to $84,155,716 against $51,087,881; and loans and discounts to $284,925,140 against $309,746,354. Net operating earnings for the second quarter of 1947 amounted to $1,782,938 as compared to $1,703,362 for the preceeding quarter. Net profits and recoveries on securities amounted to $349,797 against $497,557. Capital was unchanged at $25,000,000 but surplus was increased by $5,000,000 to $75,000,000 and undivided profits were $7,289,613 against $9,150,365 on March 31st. The indicated net earnings on the bank's 2,500,000 shares (par $10) amounted to $0.71 per share for the second quarter of 1947 as compared with $0.71 in the first quarter.

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Guaranty Trust Company of New York announced on June 26 the appointment of Madison H. Haythe as an Assistant Treasurer, Main Office Banking Department.

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"One Hundred and Thirty-Five Years of Banking" by the **National City Bank of New York** is dealt with in a booklet covering the bank's history over that period of years. Citing the founding of the institution on June 16, 1812, the booklet says:

"This was two days before the declaration of war with England. There were 18 states in the Union and New York City had a population of 96,000. The First Bank of the United States, established by Alexander Hamilton, had been unable to renew its charter because of the political disturbances of the time, and Congress had forced its liquidation. A group of New York businessmen, feeling the need of a bank to take its place, secured a charter from the State of New York and established the City Bank of New York."

A map accompanying the booklet shows how the bank "grew to be first in world-wide banking," with today 46 active overseas branches. Noting "what a lot has happened between 1812 and 1947," it is observed that in 1812 only 96,373 people lived on Manhattan Island. Now the Bank's customers number many hundreds of thousands, both in Greater New York and in every commercial area of the world.

The matter in the booklet sketching the bank's history has been reprinted from the June, 1947 issue of "Number Eight," the City Bank's employees' House Magazine.

* * *

Tenant occupancy of the new 4-story garden apartment of **The Bank for Savings of New York** at the northeast corner of 72nd St. and Third Avenue was scheduled for July 1. Space in the building for the Bank's branch office, now at Third Avenue and 70th Street, will become available in September. The plot was formerly occupied by empty tenements on Third Avenue and old brownstone houses on 72nd Street. The new apartment house has its entrance on 72nd Street through a landscaped garden and terrace. It provides for 45 families in one, two and three-room units, and has been fully rented to veterans. A feature of the new apartment is the tower inspired by the Governor's residence at colonial Williamsburg, Va. It will contain a bee hive, used by the Bank since 1819 as a symbol of thrift, and will have an electrically operated, illuminated clock. Residents of the neighborhood have accumulated over $72,000,000 at the Bank's local office which was established on Third Avenue and 70th Street in 1928. The Bank for Savings is the oldest mutual savings bank in this State, and will celebrate its 128th birthday on July 3. Its Main Office is located at Fourth Avenue and 22nd Street.

* * *

An unusual exhibit in the windows of the **Union Dime Savings Bank of New York**, on 40th Street, comprise sections of the bank's Map of the New York Subways transcribed into Braille. The Bank has had many requests for its Subway Map, but the most unusual was one received earlier this year from Charles E. McMahon, of East Lynn, Mass., who wanted permission to transcribe the map into Braille. The original request for a Braille Subway Map came from a young woman in New Jersey. She appealed to the National Braille Press of Boston, which maintains a hand transcribing division. When the request for a Braille Subway Map was received, Mr. McMahon, one of the bank's volunteer transcribers was called upon, and he divided the bank's map into 1½-inch squares—each square becoming one Braille page 11½ inches wide and 11 inches deep. These pages have been bound into a loose-leaf book for the use of the blind person. In the exhibit also there is a copy of "The Weekly News," a Braille newspaper published by the National Braille Press, distributed free and mailed without postage costs, by a Congressinoal Act of 1912, to 3,800 blind persons throughout the world. There is also an exhibit in the windows of the Lighthouse—the New York Association for the Blind, showing photographs of the blind at work, together with articles made by them—baskets, brooms, handwoven blanket and rugs. The exhibit will be at the Union Dime Savings Bank until the middle of July.

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Alfred Muller was appointed an Assistant Vice-President of **Brooklyn Trust Company** of Brooklyn, N. Y. at a meeting of the executive committee of the Board of Trustees of the company

(Continued on page 38)

News About Banks and Bankers

(Continued from page 37)

on June 26. Mr. Muller joined the staff of the old Mechanics Bank of Brooklyn in April, 1912, and continued with Brooklyn Trust Co. following the merger of the Mechanics Bank in 1929. Since 1936 he has been Manager of the company's 26th Ward Office.

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Frederic Bliss Stevens, former President of the **National Savings Bank of Albany, N. Y.,** died on June 22. He was 76 years of age. Mr. Stevens entered the employ of the bank in 1888, and rose through various positions, becoming President in 1925. He retired as President in June, 1946, when he reached the age of 75 years. According to the Albany "Times-Union" his father, the late Albert Parsons Stevens, was one of the original incorporators of the bank and served as Secretary and Treasurer. Frederic B. Stevens served as Secretary of the New York State Mutual Savings Bank Association, publishing in 1915 the Association's first history, which he dedicated to the memory of his father. The "Times-Union" also noted that he served as Secretary and Treasurer of Group Savings banks and later as Chairman of the group and also as Second Vice-President of the New York Savings Bank Association.

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Eugene N. De Witt, Assistant Vice-President of the **Lincoln Rochester Trust Co. of Rochester, N. Y.,** died on June 22. He was 49 years of age. The Rochester "Times-Union" reports that Mr. De Witt, a veteran of World War I, had been a member of the bank organization for 27 years. It also states that he served as Bank Counsel of Rochester Chapter, American Institute of Banking, for two years, and from 1930 to 1933 was a member of the Chapter's Board of Governors.

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Walter S. Bucklin, President of the **National Shawmut Bank of Boston, Mass.,** announces the election of John Wallace of Belmont as Assistant Trust Officer. The Boston "Herald" of June 28, from which this is learned, notes that Mr. Wallace graduated from Dartmouth College in 1935 and that following his graduation in 1938 from the Amos Tuck School of Business Administration he joined the National Shawmut Bank where he worked in the investment research department. He was in the Army for five years attaining the rank of major before his discharge.

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Clarence L. Smith, has been elected Assistant Treasurer of the **Society for Savings of Hartford, Conn.** He entered the institution as Junior Clerk in 1912, and in 1934 was advanced to the post of Chief Teller. The Hartford "Courant" of June 26 from which this is learned, also states that Charles W. Hudson, who has been promoted to the newly created position of Auditor entered the employ of the bank in 1926 as a Junior Clerk and since has worked in all departments.

* * *

Samuel Shaw, retired New York banker died at his home in Newark, N. J. on June 20. He was 70 years of age. According to the Newark "Evening News" he began his banking career as a messenger with the **Ninth National Bank in New York.** The paper from which we quote went on to say:

"He worked for the same institution for 52 years and, when through a series of mergers it became the Chemical Bank & Trust Co. in 1928, he was named Vice-President and Secretary. He held that post until his retirement five years ago. He also had served as Secretary of the New York Clearing House Association. After his retirement he served as a ration board member."

* * *

The promotion of three employes to executive posts in the Trust Department of the **Providence Trust Company of Philadelphia** was announced on June 27 by W. Logan MacCoy, President of the company following a meeting of the board of directors. John J. Buckley, appointed Trust Officer, will continue his work in estate planning; Paul W. Brown, Jr., now Assistant Trust Investment Officer, is in charge of account review work in the Investment Department; John H. Webster, 3d, was named an Assistant Trust Officer.

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Land Title Bank & Trust Company of Philadelphia announced on June 30 that it would open a new Northeast Title Office at 7046 Castor Avenue, in charge of Joshua M. Holmes, on July 1. This will bring to six the number of Land Title neighborhood title offices.

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An increase of $300,000 in the capital of the **South East National Bank of Chicago, Ill.,** raising it from $200,000 to $500,000 is reported by the Office of the Comptroller of the Currency. The enlarged capital, effective June 19, came about through a stock dividend of $200,000 and the sale of $100,000 of new stock.

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Following 49 years in the banking business, Henry H. Van Male has retired as Assistant Cashier of the **Marine National Exchange Bank of Milwaukee, Wis.,** according to the Milwaukee "Journal" of June 20, which stated that he started as a messenger with the former National Exchange bank in 1898, when the late Grant Fitch, father of Eliot G. Fitch, present President of Marine National, was a Cashier of the institution.

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Recording "Memories of 50 Years," the **Commercial National Bank of Kansas City, Kansas,** in its reminiscing pictures presented in a booklet, depicts various happenings during the half-century; these include among other things, the start of the Spanish American War in 1898, the inauguration as President of Theodore Roosevelt in 1901, the resignation of William Jennings Bryan, as Secretary of State in 1915, the first airplane flight around the world in 1924, etc. The organization of the bank in 1897 under the name of the Commercial State Bank by P. W. Goebel and C. I. Brokaw is likewise featured in the pictures, along with other incidents pertinent to the institution which became a national bank in 1902.

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The **American Exchange National Bank in St. Louis, Mo.** has increased its capital from $240,000 to $340,000 effective June 17. Through a stock dividend of $60,000 the bank raised the capital from $240,000 to $300,000, and this was followed by the sale of $40,000 of new stock, bringing the capital up to $340,000. This information was contained in the bulletin, June 23, of the Office of the Comptroller of the Currency.

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In a booklet commemorating its 80th anniversary, the **Idaho First National Bank of Boise, Idaho** notes the organization of the bank on Nov. 17, 1866, the issuance of its Federal charter under the name of the First National Bank of Idaho on March 10, 1867, and the opening of the bank for business on May 15, 1867, operating then as now under the second oldest national bank charter west of the Rockies. Christopher W. Moore was the founder of the bank and he was joined in the organization by B. M. Du Rell. Following the death of Mr. Moore, his son Crawford Moore, became President in 1916. In 1936 the bank's corporate name was changed to The Idaho First National Bank. On July 1, 1867 the bank had a capital of $80,000 and total resources of $136,109 and its expansion is shown in its statement of condition on Jan. 1, 1947, which reveals capital of $2,000,000, surplus of $1,700,000 and undivided profits of $504,494. The total deposits were reported on that date at $109,548,587 and total resources at $113,753,081. In addition to the head office in Boise the bank maintains branches in 15 other towns and cities, as well as the Boise Trust branch in Boise. John A. Schoonover is the present President of the bank.

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Parker S. Maddux, President of the **San Francisco Bank of San Francisco, Calif.,** recently announced seven promotions, it was indicated in the San Francisco "Chronicle" of June 12, whose Financial Editor, Sidney P. Allen, reported the advancements as follows:

"Four officers promoted to Assistant Vice-Presidents were Cashier Frank M. Ratto, Assistant Secretary Clarence B. Howell, and Assistant Cashiers Claude J. Hirschey and George Ehrenpfort. Newly designated Cashiers are Joseph Beresford, Joseph D. Butler and Harold G. Muller."

The Economic Riddle of The Dollar Shortage

(Continued from page 2)

States, but settlement of the balance due India was very simple because ordinarily England purchased more from the United States than the United States purchased from England. In this case the payment of India with sterling bills on England settled the balance to the satisfaction of all three countries. Similar transactions were settled where several countries were involved because the currencies were convertible and it made no difference how much one country bought from another country as long as the total world payments balanced total world receipts. At the present time Canada has an unfavorable balance with the United States but a favorable balance on world payments. But unfortunately many of the countries which owe Canada cannot convert their currencies into dollars satisfactorily.

This account of how inconvertible currencies and trade restrictions are accentuating the world dollar shortage is important for statesmen and businessmen in this country to understand. Foreign countries want our food supplies, machinery, motor vehicles, cotton, and chemicals. We want their coffee, tea, rubber, wool, and sugar and many of their raw materials that we are unable to get in adequate supply, including tin, zinc, copper, lead, and a great variety of woods and other raw materials to feed our factories. The foreign purchases from the United States for this year in excess of our purchases from abroad are running at the rate of $12 billion. Some of this excess of foreign purchases from us will be paid for from the expenditures of American tourists abroad, gifts, and loans, but just how the riddle is to be solved until our balance of payments from the world will equal our payments to the rest of the world and keep this flow of foreign trade going in order to maintain employment and production and stability of trade is a major economic problem on which our continued economic prosperity depends.

The short-term needs of the rest of the world for American food, clothing, medicine, and productive capital must largely appear in the form of exports of these goods based upon credits we extend either through government agencies or private loans. Some of these short-term credits must of necessity be gifts and the American people will not be found wanting when any people in the world are in need and we have adequate surplus supplies. There is considerable danger, however, that some of the needs of other countries will lead to exports from this country that will create shortages here and unduly increase prices and costs.

The Real Needs Are Long-Term Productive Capital and A Restoration of Order and Free Markets

The delay in restoring stable political and economic governments in which the people can have confidence in many countries has already been very costly and the longer this delay persists the greater the costs are going to be. As already indicated, this lack of economic order and free markets for goods and currencies is one of the important factors in withholding from countries in many parts of the world needed food supplies and useful productive equipment. This condition is a major factor in creating dollar shortages.

While every country is entitled to have any kind of government its people prefer as long as that government is not a menace to the rest of the world the people of the United States and every other country have the right to say under what conditions they will risk their loans and capital. A country seeking to borrow the American taxpayers' dollars through the government agencies, or seeking to borrow from private lenders in this country, or hoping to induce private foreign capital to develop production in their country should certainly establish an economic and political environment that will create confidence on the part of lenders and the owners of capital. Money and capital are the product of the savings of labor. People who have sweated and saved are timid about risking their savings in countries or in enterprises where the rights of private capital are not adequately insured and freedom of enterprise protected. By this time it would seem that there are plenty of skilled politicians, economists, and productive technicians in every country in the world who know the necessary environmental conditions to restore confidence and induce production at maximum efforts. Until economic conditions that deserve confidence are established private capital will naturally seek an outlet in the safer employment of countries whose

political and economic environments are more reassuring.

The small countries of Europe, such as Holland, Denmark, Finland, Belgium, and Norway, which have made the best of resources at hand, restored stable currencies, set up stable governments, and made progress at production with the tools and equipment they had will find it not too difficult to get dollars if they need them or capital from private savings and producers in the United States who have confidence in their future productivity and integrity.

The slow rates of recovery in such countries as Greece, France, and China are caused by the delay in restoring political and economic environments in which producers can have confidence. The farmers in France now hoard their products because of the uncertain value of the franc.

The delay in restoring production in Germany is a handicap to the recovery of the whole of Europe. The costs of occupation could be greatly reduced by hastening the restoration of political and economic conditions in Germany which would encourage production and capital investments. Germany is both the largest market and the largest producer of goods for markets in Europe.

France's experiments with "isms" have delayed recovery and no one can blame private capital for keeping out of France until the people of France make up their mind what kind of government they are going to have and whether or not private capital can remain private capital with fair competitive opportunities in France. France is a rich country with great resources and great potentialities, but at the present time, because of unfavorable political and economic conditions in France, capital is scarce and some of the ordinary products which France should be well supplied with and exporting are scarce. These include such products as wheat, wine, coal, iron ore, and sugar.

A large part of the dollar shortage or, in other words, the European demand for American food and productive equipment results from the delay in economic recovery and the restoration of political conditions that would encourage people to risk their savings in those countries. The American investors are naturally going to avoid investments in foreign countries where production and trade regulations and controls are such that private enterprise is in danger. Loans to such countries will probably never be paid. Capital invested in such countries may perish in this struggle for existence and the possibility of earning enough on such capital to repay the cost is limited until economic and political order are restored. The restoring of economic and political order is not enough. The past experience of American investors and the long delay since the war in restoring stable economic conditions together with the destructive experience with various control "isms" naturally make American investors afraid. People who save and wish to invest in order that they may keep their savings and make them productive are going to seek the best environments in which to invest these savings. Countries seeking to borrow here or seeking to induce investors to offer capital should set forth an economic policy that will create confidence.

A Plan Essential for American Aid

The wise suggestion of Secretary Marshall that European countries get together and set up a plan for their economic recovery indicating their needs of loans and capital from the United States should be enough to indicate to these countries that our willingness to help is unbounded but that we can best help people who will help themselves and whose plans of using our capital and help are so well laid that future dollar shortages will not likely recur and present loans will be repaid. From a long-term point of view capital investments are to be preferred to loans. They are safer for the people of both countries. Capital invested in a foreign country has no maturity date when that capital is machinery and equipment financed through equity ownership. This capital must be productive if it is to earn a living. Only a small percent of profits in the years when profits are made are ever transferred back to the country of origin. The capital available to reconstruct the production of foreign countries is abundant, but the thing that seems to be scarce is the economic environment and integrity in foreign governments and foreign economies to impart confidence to private capital which is now idle rather than take the risks involved.

In addition to American loans and capital, American technical skill and "know-how" will go to foreign countries and restore their production if an economic environment and protection to private property rights are restored so as to hold the confidence of American investors and technicians.

Relearning Economic Principles

The struggle of each country to protect its own trade and its own existence is natural. But it is hard to remember sometimes that these efforts at self protection are far more destructive than outside competition. It seems to me the world needs to learn again the simple elementary principles of free trade, free markets, the costs of protection, and the advantages of the division of labor and honest monies. In all of history no one and no country could furnish any evidence of economic gains from inflation and unstable monies, restricted production, self-contained economies, high costs, and a low standard of living. Mercantilism was repudiated in the Middle Ages, but its restrictive policies are practised today to a degree and in a manner that would make the people of the Middle Ages look like wise traders. Whether a lending or a borrowing country should advocate the return to sound principles that will increase production and raise the standard of living for all the people in the world makes no difference. But surely some country and some individuals who are powerful enough to be heard should restate these elementary principles in words of one syllable that all the world can understand. It is very disturbing to find a country such as England which prospered and built up the greatest commercial empire the world has ever known on principles of free markets and sound money now turning to restriction and nationalistic policies which undermine her very economic existence.

The Sterling Bloc and the Dollar Bloc

The Sterling Bloc and the countries allied with the Sterling Bloc represent from 60 to 80% of the commercial world outside of the Dollar Bloc that is important to the United States at the present time. The conflict between these two blocs should be ironed out without delay. If the United States and England and the countries using money convertible into sterling would get together and set an example for the rest of the world by restoring free money markets the trade of all countries would benefit. There are problems growing out of the war such as the large sterling debts of England and the great inflation of the currencies and the increase in the national debts of both countries. But the delay in making public just how free markets and honest monies are to be restored and the restrictions imposed on trade between these areas are all factors in creating the dollar shortage in countries that want to buy from the United States. If the United States and England and the Sterling Bloc countries do not get together and remove trade restrictions and set up sound long-term policies for free markets, it is going to be more difficult to get the rest of the world, including small countries that have a bias in favor of regimented control, to adopt policies that will restore economic order and increase their standard of living.

To the extent that American supplies of goods and productive equipment result from skills and "know-how" that we have developed, the people with these techniques would quickly emigrate, for a time at least, to foreign countries that would offer them productive opportunities. If these products and the skills that produce them are available, why is it not worthwhile for foreign countries to set up conditions to encourage similar developments and production in their own countries? In fact, many of the people who have brought to America her most useful technical skills came from foreign countries to this country because of opportunity and freedom. Any country on earth could restore this freedom and opportunity. If we are to export American capital which results from technical skill and ability and loan American money to countries that restrict the freedom of opportunity that makes these productive forces thrive, then there is no solution to the permanent dollar shortage and the United States must continue to hand out *doles* in the form of loans and capital to countries that practice restraints that prevent their most productive efforts.

There are other restraining forces, such as bilateral trade restrictions, that make it impossible for a country with a favorable balance with the world to balance its accounts with a particular country. With respect to trade restrictions, tariffs, and other trade regulations, the United States has a very great deal to overcome for the benefit both of the people of this country and of the rest of the world. But the dollar shortage is apparently a result of these restrictions and regimented markets being followed in many countries.

American export trade at present is facing the hazard of a dramatic and painful collapse, because of a shortage of dollar exchange. Exchange transactions throughout the world, the conversion of one paper money into another, or the conversion of paper money into gold are still governed by pegged rates, embargoes, allocations, and other restrictions of the managed currency theorists. They have done more damage to the production and distribution of goods than the war.

It is about time for traders in the international markets to challenge their respective governments to provide for the free movement and free conversion of paper monies and gold in unpegged, open public auction markets. It is getting continually more tiresome to hear the managed currency theorists yelling with outraged piety at the black markets which are a natural consequence of their very own restrictions. It is about time for us to be done with these fallacious rules, these OPA sophistries that are being rationalized in the field of international finance by high sounding technical terms. It is time for us to return to honest, open market, free conversion for paper money and gold.

There is so little time. A sudden drastic drop in our exports, induced by a lack of dollar exchange could seriously impair our domestic economy and create wide-spread unemployment.

It is tragic, that while so many of us are willing to sweat, and work and produce to keep the millions overseas, who again face hunger and freezing this coming winter, that we are cramped with frustration while somebody else experiments with theories of money and trade that have been tried and tried and have always failed.

Thomas Payne Opens

ELMHURST, N. Y.—Thomas P. Payne is engaging in a securities business from offices at 86-43 Fifty-fifth Avenue. He was formerly connected with Hunter & Co.

Gerardus L. Miller Dead

Gerardus L. Miller died at his home at the age of 85. He had been an associate of Mackay & Co. of New York City for fifty years.

Now With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, FLA.—William A. Emerson has become connected with Merrill Lynch, Pierce, Fenner & Beane, 568 Central Avenue.

J. D. Newsome Opening Own Office in New York

John D. Newsome, member of the New York Stock Exchange, will engage in a securities business from offices at 15 Broad Street, New York City. He was formerly a partner in Kalb, Voorhis & Co.

F. I. du Pont Opens New Uptown Office

Francis I. duPont & Co., members of the New York Stock Exchange and other principal stock and commodity exchanges, announce the opening of a new office at 1359 Broadway, in the center of the New York garment district. Under the management of Denis S. Danahy, the office is staffed by personnel with a wide experience in textile and department store securities. The company's "Daily News Letter" will be available to investors in the uptown textile area.

Two With Scranton

Special to THE FINANCIAL CHRONICLE

NEW HAVEN, CONN.—Hervey L. Stockder and Frank D. McKeon have joined the staff of Chas. W. Scranton & Co., 209 Church Street, members of the New York Stock Exchange.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Uncertainty of reaction to recent legislation points to market peak over holiday weekend.

The milling around continues. One day it is one group of stocks that assumes the leadership, the next it's another. In points advanced there are few stocks one can point to as having made outstanding progress in the past few days. But this shifting of groups, and stocks within groups gives the market an appearance of strength that is attracting some attention. It is possible that some of this attention is translated into actual buying. Yet it doesn't bring in buying, neither does it bring in any aggressive selling.

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From a casual glance of the news behind the news it is logical to assume that the recent legislation is making potential buyers a little nervous. It is a fact that practically all recent laws, or lifting of old restrictions, is bound to have a favorable effect on capital. The financial world, however, is standing aside to see how the class affected by this legislation will react. What the upshot of this will be I don't pretend to know. From the action of the market, it doesn't seem to know either.

* * *

Regardless of the potentials, last week's market showed advancing tendencies which were sufficient to warrant buying at least two stocks. If you recall, the advice to buy was at a price; a price which was a few points under the figures quoted when the column was written. I might say in passing, that it seldom pays to chase them. If you can't get them at your figure, or close to it, it is usually best to leave them alone. There is seldom any percentage to buying them when everybody else is bidding with you.

You are now theoretically long of two stocks, Bethlehem between 82 and 84 and U. S. Steel between 64 and 66. The former was available Monday at 83; the latter at 66. As this is being written, Bethlehem is at 85 and Big Steel at 67½.

The question of what to do with these stocks from here now becomes paramount. That in turn must be determined by the action of the entire market. We are now facing a two-day market holiday —Friday and Saturday. Frequently in the past a two-day shutdown is preceded by an upsurge in prices with many stocks closing the week at the highest point in the cycle. This in turn brings about an increase in the bullish sentiment over the holiday weekend sufficient to cause a higher opening when trading resumes. The answers for this are not too hard to figure out.

Yet this very action often leads to the opening after the holiday as the last, or nearly the last opportunity, to get out. Potential sellers get rid of their stocks when the bids are strongest. The public does its buying when the tape is strong and active. Unless there is something there to fan the speculative blaze the chances are that such a holiday is the beginning of another decline.

Feeling that way I now advise that both Bethlehem and Steel (and Chrysler—if you bought it on my suggestion) be disposed of somewhere during the first two hours in next Monday's session. Chances are you will get anywhere from three to five points profit. In case you want to hold on, my suggestion is that you raise your stops. New stops should be Bethlehem 81 and Steel 64.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Lester Hano to Be V.-P. Of Oppenheim Collins

Philip N. Cohan has been elected President of Oppenheim, Collins & Co., and Lester Hano and Jack A. Segel have been elected Vice-Presidents and General Managers of the Philadelphia and Buffalo stores, respectively, according to announcement by Albert M. Greenfield, Chairman of the boards of the corporation and its parent company, City Stores Company.

Mr. Hano, a partner in the investment banking firm of Newburger & Hano, entered upon his new duties on July 1st.

Cullen Hoffman Forms Co.

COLUMBUS, GA. — Cullen J. Hoffman has formed Cullen J. Hoffman Co. with offices on Broad Street to engage in the securities business. He was formerly with Clement A. Evans & Co.

With W. J. Kelsey & Co.

Special to THE FINANCIAL CHRONICLE

SAN FRANCISCO, CALIF.— Samuel H. Garner is now with W. J. Kelsey & Co., 25 Taylor Street.

World Bank Files SEC Registration Statement

(Continued from page 6)

men having a wide acquaintance among the nation's dealers, under the direction of E. Warren Wilson.

These men will answer questions by dealers concerning the method of distribution, and will also assist in handling the orders when the subscription books are open for public offering after the registration statement has become effective. These men have been recruited from syndicate departments of New York Securities houses, and are contributing their experience and services gratis in the interest of facilitating the distribution of these securities.

Asked to prognosticate concerning the success of the offering, Mr. Dunstan confined his reply to the observation that "If the issue were offered today, there would undoubtedly be an oversubscription."

The new 25-year bonds carry provisions for a sinking fund beginning in the 11th year and sufficient to pay off 50% of the principal by maturity. There is no sinking fund applicable to the 10-year issue.

* * *

SEC Rules Pertaining to World Bank Bonds

PHILADELPHIA, PA., June 25 —The Securities and Exchange Commission today issued a special set of rules, under the 1933 and 1934 Acts and the Trust Indenture Act of 1939, regarding the World Bank's bonds. Brokers and dealers are relieved of civil liability actions under Section 11 of the Securities Act. While the Commission refused a request to exempt the Bank's securities from all the provisions of the 1934 Act, it agreed to do so regarding three provisions. Over-the-counter brokers and dealers in these issues need not register with the Commission. A spokesman for the Bank has told the "Chronicle" that it is the institution's understanding that also after the initial distribution of the securities and at all times thereafter, dealers can make a market without registering.

Again, the new regulation permits brokers or dealers who otherwise deal exclusively in United States Government or municipal securities to participate in the bank's securities without registering with the SEC or joining the NASD.

The third exemption removes the prohibition against when-issued trading on a national Securities Exchange which would ordinarily be applicable to these bonds.

The full text of the SEC's covering statement follows:

The Securities and Exchange Commission announced today the promulgation of a number of rules under the Securities Act of 1933 and the Securities Exchange Act of 1934, as well as the rendering of an interpretation under the Trust Indenture Act of 1939, with reference to the securities of the International Bank for Reconstruction and Development. The Bank's request for this action was supported by the National Advisory Council on International Monetary and Financial Problems. The Council was created by the Bretton Woods Agreements Act, pursuant to which the United States became a member of the Bank and the International Monetary Fund. It consists of the Secretary of the Treasury (who is Chairman), the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, and the Chairman of the Board of Trustees of the Export-Import Bank of Washington. Its statutory purpose is "to coordinate the policies and operations of the representatives of the United States on the Fund and the Bank and of all agencies of the Government which make or participate in making foreign loans or which engage in foreign financial, exchange or monetary transactions."

Exemption from Underwriters' Liabilities

The effect of the rule adopted under the Securities Act of 1933 is to exempt from underwriters' liabilities under Section 11 of that Act any broker or dealer whose interest in the distribution of the Bank's securities is limited to the usual and customary distributors' or sellers' commission or concession. The term "underwriter" is defined in Section 2(11) of the Act itself to exclude "a person whose interest is limited to a commission *from an underwriter or dealer* not in excess of the usual and customary distributors' or sellers' commission." The Commission is informed that the Bank does not presently propose to effect the distribution of its securities through underwriters in the usual sense, but merely to allow the customary commission or concession to a large number of brokers or dealers throughout the country who will be in direct privity of contract with the Bank. Although the absence of an intermediate underwriter between the Bank and the brokers or dealers would ordinarily bring the brokers or dealers within the definition of "underwriter" in Section 2(11) of the Act, an impelling reason for a rule excluding them from that definition is that the Bretton Woods Agreements Act in effect immunizes the officers and directors of the Bank from legal process with respect to acts performed by them in their official capacities, except when the Bank waives this immunity. Since this provision relieves the Bank's officers and directors (although not the Bank itself) from civil liability actions under Section 11 of the Securities Act of 1933, the Commission believes it is appropriate in the public interest to extend similar relief to the brokers or dealers described in the Commission's rule.

The Commission emphasizes that a distributing broker or dealer, in order to obtain the benefit of the rule and be relieved from underwriters' liabilities under Section 11, must make a *bona fide* offer of his entire allotment or subscription, at not more than the offering price specified in the prospectus, to persons other than partners, officers, directors or employees of the broker or dealer, or persons in a control relationship with the broker or dealer, or accounts in which the broker or dealer or any such person has a beneficial interest. If the broker or dealer or any such person wishes to obtain any of the securities for his own account without the making of such an offer and without losing the benefit of the rule, he will have to effect his purchase on the open market on the same basis as any member of the public.

The Commission's action does not affect the civil liability of the distributors of the Bank's securities under Section 12(2) of the Securities Act of 1933 in the event of any material misstatements or omissions in any prospectus or oral communication by means of which the securities are sold, as well as the liability under Section 17(a) of that Act for selling securities by means of fraudulent practices or material misstatements or omissions.

Exemption of Dealers

The rules adopted by the Commission under the Securities Exchange Act of 1934 exempt the Bank's securities from three provisions of that Act. The first exemption is from Section 15(a), the Section which requires the registration with the Commission of over-the-counter brokers and dealers who trade in non-exempted securities. The second exemption is from Section 15A, the Section pursuant to which the National Association of Securities Dealers, Inc., is registered with the Commission as a "national securities association." The effect of the Commission's exemptions from these two Sections is to permit brokers or dealers who otherwise deal exclusively in United States Government or municipal securities to participate in the distribution of the Bank's securities without registering with the Commission or joining the NASD. However, these exemptions are subject to the same condition concerning a *bona fide* offer of the entire allotment or subscription as the Securities Act rule. The Commission agrees with the National Advisory Council that the interest of the United States Government in the Bank justifies treating the Bank's securities as "exempted securities" so far as Sections 15(a) and 15A of the Securities Exchange Act are concerned.

Exemption from When Issued Trading

The third exemption under the Securities Exchange Act of 1934 is from that portion of Section 12(d) of the Act which prohibits when-issued trading on a national Securities Exchange unless its primary purpose is to distribute the unissued security to holders of a security previously registered under the Securities Exchange Act. The Commission is informed that the Bank will file an application to register its debentures on the New York Stock Exchange and that the Exchange intends to admit the debentures to when-issued trading upon the effectiveness of the registration statement under the Securities Act of 1933. The exemption from the when-issued trading provisions of Section 12(d) was requested and is granted in order that the admission of the Bank's debentures to trading on the New York Stock Exchange will automatically exempt them from qualification under the "blue sky laws" of a number of States. This action was taken after consultation with Mr. D. D. Murphy of South Carolina, President of the National Association of Securities Administrators, as well as the securities administrators of a number of States, none of whom had any objection.

The three exemptive rules adopted by the Commission under the Securities Exchange Act of 1934 leave the Bank's securities subject to all the other provisions of that Act, whether or not those provisions apply to securities otherwise defined as "exempted securities" by Section 3(a) (12). That Section authorizes the Commission by rule to exempt any security "from the operation of any one or more provisions" of that Act "which by their terms do not apply to an 'exempted security,'" and the Commission has designated the Bank's securities as "exempted securities" only for the purpose of Section 15(a), Section 15A, and the when-issued trading provisions of Section 12(d). The Bank's request for a general exemption from all the provisions of the Securities Exchange Act was not supported by the Council and was rejected by the Commission.

So far as the Trust Indenture Act of 1939 is concerned, the Commission concurs in the opinion of counsel for the Bank that an exemption is available under the statute.

Securities Now in Registration

● INDICATES ADDITIONS SINCE PREVIOUS ISSUE

Acme Electric Corp., Cuba, N. Y.

June 26 filed 123,246 shares ($1 par) common stock. **Underwriters**—Herrick, Waddell & Co., Inc., and First Colony Corp. **Offering**—To be offered publicly at $5 a share. **Proceeds**—Company will receive proceeds from the sale of 58,880 shares and four selling stockholders the proceeds from the sale of 64,366 shares. Company also will receive proceeds from the sale of 20,000 warrants for common stock to underwriters at an aggregate price of $2,000. Net proceeds will be used to pay current bank loans and for working capital.

● **Acryvin Corp. of America, Astoria, N. Y.**

June 27 (letter of notification) 54,000 shares of capital stock (par $1). **Price**—$1.50 per share. **Underwriter**—Ackerman, Conte & Mattielli, New York. Purchase of equipment, improvements, etc.

Aetna Insurance Co., Hartford, Conn.

June 20 filed 250,000 shares ($10 par) capital stock. **Underwriters**—Dillon, Read & Co. Inc. and W. C. Langley & Co., New York. **Offering** — The shares initially will be offered for subscription to stockholders on the basis of one share for each three shares now held. Unsubscribed shares will be sold publicly. Price by amendment. **Proceeds**—To be added to capital funds.

● **Agricultural Advertising & Research, Inc., Ithaca, N. Y.**

June 26 (letter of notification) 900 shares ($100 par) 5% non-cumulative preferred. **Price**—$100 a share. No underwriting. For working capital.

Allied Finance Co., Dallas, Texas

May 26 filed 25,000 shares ($20 par) 5% cumulative convertible preferred. **Underwriting**—None. **Offering**—Offered to stockholders of record May 10 in the ratio of one share for each two shares of common held. Rights expire July 15. Any shares not taken up to and including 18,750 shares will be purchased by Republic Insurance Co.; balance will be sold to or through the Dallas Texas National Association of Security Dealers. **Price**—$20 a share. **Proceeds**—To retire present indebtedness.

American Broadcasting Co., Inc., N. Y.

June 27, 1946, filed (by amendment June 23, 1947) 33,333 shares ($1 par) common stock. **Underwriter**—Dillon, Read & Co. Inc., New York. **Offering**—A maximum of 30,000 shares may be sold by company to persons, firms, or corporations with whom the corporation had network affiliation agreements on March 31, 1946. The remainder (3,333 shares) will be offered publicly. Price by amendment.

American Machinery Corp.

Mar. 31 filed 133,000 shares (50c par) common, of which 10,000 will be offered to officers and key employees. **Underwriter**—Townsend, Graff & Co. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes including reduction of bank loans and outstanding notes.

● **American Vending Machine Corp., New York**

June 30 filed 145,000 shares ($1 par) common. **Underwriter**—Reynolds & Co., New York. Price by amendment. **Proceeds**—Of the total, 120,000 shares are being sold by stockholders and the balance by the company. The company will use proceeds for organizational purposes, which includes the merger of Berlo Vending Co., Philadelphia, and Sanitary Automatic Candy Corp., New York. **Business**—Operation of coin machine business.

American Water Works Co., Inc., N. Y.

March 30, 1946 filed 2,343,105 shs. of common (par $5) plus an additional number determinable only after the results of competitive bidding are known. **Underwriters**—To be filed by amendment. Probable bidders include Dillon, Read & Co. Inc., White, Weld & Co., and Shields & Co. (jointly), and W. C. Langley & Co. and The First Boston Corp. (jointly). **Offering**—Price to public by amendment.

Arcady Farms Milling Co., Chicago (7/8)

June 17 filed 96,000 shares ($5 par) common. **Underwriter**—Central Republic Co. (Inc.), Chicago. Price by amendment. **Proceeds**—Of the total, company is selling 30,000 shares while the remaining 66,000 shares are being sold by stockholders. Company will use its proceeds for payment of its indebtedness of $400,000 to the First National Bank of Chicago.

Arden Farms Co., Los Angeles, Calif.

June 4 filed 70,000 shares (no par) preferred. **Underwriting**—No underwriting. **Offering**—The shares initially will be offered for subscription to present preferred stockholders in the ratio of one share for each 2½ shares held. Unsubscribed shares will be offered publicly. Price by amendment. **Proceeds**—To pay off bank loans and to provide funds for construction.

Arkansas Power & Light Co., Pine Bluff, Ark.

June 20 filed $11,000,000 of first mortgage bonds, due 1977. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Dillon, Read & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co. and Harriman Ripley & Co. (joint); Lehman Brothers and Stone & Webster Securities Corp. (jointly); Central Republic Co. and Equitable Securities Corp. (jointly). **Proceeds** — To repay short-term bank loan and to finance construction program.

Armour and Co., Chicago

July 12, 1946, filed 350,000 shares (no par) cumul. first preference stock, Series A; 300,000 shares of convertible second preference stock, Series A, and 1,355,240 shares common stock (par $5). **Underwriting**—Kuhn, Loeb & Co., New York. **Offering**—The 350,000 shares of first preference stock will be offered in exchange to holders of its 532,996 shares of $6 cumulative convertible prior preferred stock at the rate of 1.4 shares of first preference stock for each share of $6 prior preferred. Shares of first preference not issued in exchange will be sold to underwriters. The 300,000 shares of second preference stock will be offered publicly. The 1,355,240 shares of common will be offered for subscription to common stockholders of the company in the ratio of one-third of a new share for each common share held. Unsubscribed shares of common will be purchased by the underwriters. **Price**—Public offering prices by amendment. **Proceeds**—Net proceeds will be used to retire all unexchanged shares of $6 prior stock and to redeem its outstanding 7% preferred stock.

George Eastwood, President, in letter to stockholders, Dec. 22 said "we have come to the conclusion it will not be necessary to issue any additional shares of common stock" as part of company's refinancing plan.

Arrow Safety Device Co., Mt. Holly, N. J.

June 19 (letter of notification) 8,000 shares (no par) common. **Price**—$12 a share. Stockholders are given right to subscribe to new stock on or before July 15 in ratio of one new share for each 13 shares held. No underwriting. For working capital.

● **Aspen Skiing Corp., Denver**

June 23 (letter of notification) 100,000 shares ($1 par) capital stock. **Price**—$1 a share. No underwriting. For improvement of skiing facilities at Aspen, Colo.

Atlantic City (N. J.) Electric Co.

March 19 filed 522,416 shares ($10 par) common, being offered by American Gas & Electric Co. **Underwriters**—To be determined by competitive bidding. Probable bidders include: The First Boston Corp., and Drexel & Co. (jointly); Shields & Co., and White, Weld & Co. (jointly); Dillon, Read & Co., Inc., and Smith, Barney & Co. (jointly); Blyth & Co., Inc.; Union Securities Corp. **Price**—To be determined by competitive bidding. **Proceeds**—The offering is part of American's plan to dispose of its holdings of 1,150,000 outstanding shares of Atlantic City. The shares remaining after the public offering will be distributed as dividends on American's common stock. This dividend policy was to become effective June 15 and continue to the end of 1948. The SEC has granted American Gas & Electric Co. until Aug. 5, 1947, to sell the shares.

● **Atlas Plywood Corp., Boston**

June 27 filed 72,882 shares ($1 par) common. **Underwriting**—Van Alstyne, Noel Corp., New York. **Price**—By amendment. **Proceeds**—For additional working capital. **Business**—Manufacture of plywood packing cases.

Barium Steel Corp., New York

June 17 filed $3,000,000 15-year sinking fund debentures, due 1962, with non-detachable subscription warrants for purchase of common stock. **Underwriter** — Name by amendment. Price by amendment. **Proceeds**—For payment of loans and for other corporate purposes.

Berg Plastics & Die Casting Co., Inc., N. Y.

June 18 (letter of notification) 56,044 shares (10¢ par) common. **Price**—$4 a share. **Underwriter** — Gordon Meeks & Co., Memphis, Tenn. For acquisition of machinery and for working capital.

● **Bonanza Mines, Inc., San Francisco**

June 17 (leter of notification) 65,000 shares (10¢ par) common. **Price**—$1.25 a share. **Underwriting**—A. L. Albee & Co., Inc., Boston. For exploration of mining claims.

Brayton Flying Service, Inc., Robertson, Mo.

March 24 (letter of notification) 50,000 shares ($1 par) 27½ cent cumulative, convertible preferred and 50,000 shares (10c par) common. **Price**—$5 per unit, consisting of one share of each. **Underwriter**—White and Co., St Louis, Mo. For expansion of operating facilities and for working capital.

Brooklyn (N. Y.) Union Gas Co.

May 3, 1946 filed 70,000 shares of cumu. preferred stock ($100 par). **Underwriters**—To be filed by amendment. **Bids Rejected**—Company July 23 rejected two bids received for the stock. Blyth & Co., Inc., and F. S. Moseley & Co. and associates submitted a bid of 100.06 for a 4.30% dividend. Harriman Ripley & Co. and Mellon Securities Corp. bid 100.779 for a 4.40% dividend. Indefinitely postponed.

California Electric Power Co. (7/15)

May 5 filed 80,000 shares ($50 par) preferred stock. Company asked for bids June 3 but sale postponed. Company now has negotiated the sale of 60,000 shares (dividend rate $2.50) with Shields & Co. and the First Boston Corp. as underwriters. Offering expected July 15. **Proceeds**—To finance expansion and improvement program.

California Oregon Power Co.

March 26 filed 60,000 shares ($100 par) cumulative preferred. **Underwriters**—To be determined by competitive bidding. Probable bidders include: First Boston Corp. and Blyth & Co. Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Harriman, Ripley & Co. (jointly). **Bids**—Bids for the purchase of the securities scheduled for May 20 and postponed to June 18 further delayed. It is reported company has abandoned sale of preferred for a construction credit and term of loan of amounts up to $9,000,000.

Carscor Porcupine Gold Mines, Ltd., of Toronto, Ontario

June 24, 1946, filed 400,000 shares of common. **Underwriter**—No underwriters. **Offering** — To the public at $1 a share in Canadian funds. **Proceeds**—For a variety of purposes in connection with exploration, sinking of shafts, diamond drilling and working capital.

● **Carter Alfalfa Corp., Reno, Nev.**

June 23 (letter of notification) 25,000 shares ($1 par) common. **Price**—$1 a share. Maurice R. Carter, President, will direct the sale of the stock. For debt retirement and for working capital.

● **Columbia Pictures Corp., New York**

June 26 filed 24,832 shares (no par) common. The shares are being sold by stockholders and represent stock dividends on common stock held by the sellers. The registration also covered an additional indeterminate number of shares which may be issued to the selling stockholders as stock dividends or through stock split-ups on common stock. **Price**—$16 a share (estimated). **Proceeds**—Proceeds go to the selling stockholders. **Business**—Motion picture production.

Central Soya Co., Inc., Fort Wayne, Ind.

Aug. 21, 1946, filed 90,000 shares (no par) common. **Underwriter**—None. **Offering**—Shares initially will be offered for subscription to common stockholders at rate of one share for each 7⅓ shares held. Unsubscribed shares will be sold to underwriters. **Price** by amendment. **Proceeds**—Working capital, etc. **Offering** indefinitely postponed.

Clary Multiplier Corp., Los Angeles (7/14-18)

June 16 filed $750,000 15-year 5% sinking fund debentures. **Underwriter**—Maxwell, Marshall & Co., Los Angeles. **Proceeds**—Estimated proceeds of $681,000 will be used to retire $250,000 of bank loans. The balance will be added to working capital.

Claude Neon, Inc., New York

March 28 filed 223,954 shares ($1 par) common. **Underwriting**—None. **Offering**—Shares will be offered for subscription to common stockholders on basis of one share for each 10 shares held. Price by amendment. **Proceeds**—To finance airline operations and acquisition and development of oil properties. Company also plans to advance funds to Summit Airways, Inc., of whose stock it owns 61%.

Cleveland (Ohio) Electric Illuminating Co. (7/8)

Feb. 21, filed 1,847,908 shares (no par) common. **Offering**—The North American Co. owned all the shares and offered 1,714,524 shares to common stockholders of North American of record March 19 at $15 per share to

(Continued on page 42)

NEW ISSUE CALENDAR

(Showing probable date of offering)

July 7, 1947	
Equitable Office Bldg. Corp.	Debentures
July 8, 1947	
Arcady Farms Milling Co.	Common
Chesapeake & Ohio Ry. Noon (EST)	Equip. Trust Ctfs.
Cleveland Electric Illuminating Co. 11 a.m. (EDT)	Common
New York Telephone Co., 11 a.m. (EDT)	Bonds
Seaboard Container Corp.	Pfd. & Cl. A Shares
Sylvan Seal Milk Inc.	Common
July 9, 1947	
New York Chicago & St. Louis RR. Noon (EST)	Equip. Trust Ctfs.
Public Service Co. of New Mexico 11 a.m. (EDT)	Bond and Preferred
Warren Petroleum Corp.	Preferred
July 10, 1947	
Empire Record Corp.	Debenture Note
July 14, 1947	
Clary Multiplier Corp.	Debentures
Kentucky Utilities Co.	Preferred
July 15, 1947	
California Electric Power Co.	Preferred
Hooker Electrochemical Co.	Preferred
Erie RR. Conditional Sales	Agreement
July 17, 1947	
Coast Counties Gas & Electric Co.	Preferred
Van Norman Co.	Debentures
July 24, 1947	
Florida Power Corp.	Common

(Continued from page 41)

the extent of one Cleveland for every five North American shares held. Rights expired May 27 and 1,648,275 shares were subscribed for. The remaining 133,383 shares are to be sold through competitive sale. Probable bidders include Dillon, Read & Co. Inc.; The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co. and W. C. Langley & Co. (jointly); Otis & Co.; Blyth & Co., Inc.; Smith, Barney & Co. **Proceeds**—For prepayment of bank loan notes of North American. **Bids Invited**—Bids for the purchase of 133,383 shares will be received at the office of North American Co., room 1901, 60 Broadway, New York, up to 11 a.m. (EDT) on July 8.

Coast Counties Gas & Electric Co. (7/17)
May 22 filed 75,000 shares series A 4% preferred (par $25). **Underwriter**—Dean Witter & Co., San Francisco. **Offering**—Shares are being offered in exchange for company's ($25 par) 5% first preferred stock on a share for share basis, plus accrued dividends on the old stock. Exchange privilege expires July 16. Unexchanged shares will be offered publicly. **Price**—$26 a share. **Proceeds**—To retire all unexchanged shares of 5% preferred.

Cohart Refractories Co., Louisville, Ky.
Mar. 28 filed 182,520 shares ($5 par) common. **Underwriters**—Harriman Ripley & Co., and Lazard Freres & Co., both of New York. Price by amendment. **Proceeds**—The shares are being sold by Corning Glass Works, New York, and represent 88.8% of the total outstanding common of the company. Offering indefinitely postponed.

Consolidated Natural Gas Co., New York
May 15 filed 545,672 shares ($15 par) capital stock. **Underwriting**—None. **Offering**—The shares are offered to the common stockholders of record June 20 on the basis of one share for each five shares presently held. Rights will expire July 11. **Price**—$37.50 per share. **Proceeds**—Proceeds, together with other funds, will be used to purchase additional shares of four operating companies, Peoples Natural Gas Co. (Penna.), Hope Natural Gas Co. (W. Va.), East Ohio Gas Co., and New York State Natural Gas Corp.

Crawford Clothes, Inc., L. I. City, N. Y.
Aug. 9, 1946, filed 300,000 shares ($5 par) common. **Aug. 9 filed 300,000 shares ($5 par) common stock. Underwriters**—First Boston Corp., New York. **Price by amendment. Proceeds**—Go to Joseph Levy, **President, selling stockholders. Offering date indefinite.**

Cyprus Mines, Ltd., Montreal, Canada
May 31, 1946, filed 500,000 shares of common (par $1). **Underwriters—Sabiston-Hughes, Ltd., Toronto. Offering—Shares will be offered to the public at 75 cents a share. Proceeds—Net proceeds, estimated at $300,000, will be used for mining operations.**

● **Denton (Tex.) Industries Inc.**
June 26 (letter of notification) 1,200 shares ($25 par) common, to be issued in exchange for preorganization subscriptions heretofore sold. **Price**—$25 per unit. No underwriting. To purchase industrial sites and to build buildings.

● **Detroit Edison Co., Detroit**
June 27 filed $60,000,000 of general refunding mortgage bonds, series "I," due 1982. **Underwriting**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Halsey, Stuart & Co. Inc.; Coffin & Burr; Spencer Trask & Co.; Dillon, Read & Co. Inc. **Proceeds**—To redeem outstanding mortgage bonds, series "F," due 1965, to repay bank loans, and for property additions. **Business**—Public utility.

Disticraft, Inc., Chicago
May 8 (letter of notification) 15,000 shares Class B common. **Price**—At market. All or part of the securities may be sold through Bennett, Spanier & Co., Chicago, as agent. The shares are being sold on behalf of three officers of the company.

Divco Corp., Detroit
April 30 filed 34,963 shares ($1 par) common. **Underwriters**—Reynolds & Co. and Laurence M. Marks & Co., both of New York. **Price**—By amendment. **Proceeds**—Shares are being sold by a stockholder. Twin Coach Co., Kent, O., which will receive all proceeds.

Douglas Oil Co. of California, Clearwater, Calif.
March 13 (letter of notification) 11,500 shares ($25 par) 5¼% cumulative convertible first preferred. To be offered at a maximum of $26 a share. **Underwriters** — Pacific Co. of California, Cruttenden & Co., Pacific Capital Corp., all of Los Angeles; Brush Slocumb & Co., San Francisco; and Adele W. Parker, Clearwater. To purchase 493 shares of capital stock of G. H. Cherry, Inc. out of a total of 625 such shares presently outstanding.

● **Dow Chemical Co., Midland, Mich.**
July 2 filed 400,000 shares (no par) second preferred stock. **Underwriter**—Smith, Barney & Co., New York. **Price**—Estimated to be $110 a share. **Proceeds**—For general expansion.

Drackett Co., Cincinnati
April 28 filed 14,300 ($1 par) common shares. **Underwriter**—Van Alstyne, Noel & Co. **Proceeds**—Stock is being sold by Harry R. Drackett, President (6,929 shares) and Charles M. Drackett, 7,371 shares). **Price** — By amendment.

Duraloy Co., Scottdale, Pa.
March 12 (letter of notification) 25,000 shares ($1 par) common on behalf of the issuer, 12,500 shares ($1 par) common for the account of Thomas R. Heyward, Jr., and 12,500 shares ($1 par) common for the account of Mrs. Thomas R. Hayward, Jr. **Price**—At market (approximately $3.25 per share). **Underwriter**—Johnson & Johson, Pittsburgh, Pa., and The First Cleveland Corp., Cleveland. The company will use its proceeds for working capital.

East Coast Electric Co.
Mar. 28 filed 60,000 shares of $10 par common. **Underwriters**—To be determined by competitive biding. Probable bidders include Harris, Hall & Co. (Inc.); Otis & Co.; Kidder, Peabody & Co. The stock is being offered by East Coast Public Service Co., parent. Bids for purchase of the stock scheduled for May 19 has been postponed indefinitely.

● **Ebaloy, Inc., Rockford, Ill.**
June 25 (letter of notification) 36,500 shares ($1 par) common on behalf of C. Alan Brantingham of Rockford. **Price**—At market. **Underwriting**—Paul H. Davis & Co., and Webber, Simpson & Co., both of Chicago.

Edelbrew Brewery, Inc., Brooklyn, N. Y.
Dec. 31, 1946, filed 5,000 shares ($100 par) 5% non-cumul. preferred. **Underwriters**—None. **Offering**—To be offered at par to customers, officers and employees of the company. **Proceeds** — For corporated purposes including modernization and improvement of the manufacturing plant and machinery and equipment.

● **Empire Motors, Inc., Las Vegas, Nev.**
June 23 (letter of notification) 1,250 shares ($100 par) 7% cumulative preferred and 1,250 shares ($10 par) common. **Prices**—At par. No underwriting. To purchase land, buildings and equipment.

● **Empire Record Corp., New York (7/10)**
June 30 (letter of notification) $50,000 7% debenture note, due June 30, 1954. **Price**—$100. **Underwriters**—None. Working capital.

Fairport Materials Corp., New York
April 29 (letter of notification) 2,250 shares (no par) $5 cumulative preferred and 22,500 shares (1c par) common. **Price**—$100.50 per unit, consisting of one share of preferred and 10 shares of common. **Underwriter**—Eastman, Dillon & Co., New York. To purchase machinery and equipment and for other working capital requirements.

Federal Electric Products Co., Newark, N. J.
Feb. 26, filed 150,000 shares ($1 par) common class A. **Underwriter**—E. F. Gillespie & Co., Inc., New York. **Price**—$7.25 a share. The registration states principal stockholder has granted the underwriters an option to purchase 45,000 shares of class B ($1 par) common at $7.25 a share, exercisable for a period of three years. **Proceeds**—Proceeds of approximately $870,000, together with $755,000 of other bonds, will be used to repay the balance of $34,000 of a property mortgage, to pay off loans in the amount of $1,295,000 to Bankers Commercial Corp., New York, and for additional working capital.

● **Fidelity Electric Co., Lancaster, Pa.**
June 25 (letter of notification) 30,000 shares of class A common (par $1). **Price**—$4 per share. **Offering** is to enable holders of 30,000 warrants to subscribe to 30,000 shares class A stock as provided in the warrants. **Underwriters**—Any underwriters will be supplied by amendment. Working capital and general corporate purposes.

Films Inc., New York
June 25, 1946 filed 100,000 shs. ($5 par) Cl. A stock and 300,000 shares (10 cent par) common stock, of which 200,000 shares reserved for conversion of class A. Each shares of class A stock is initially convertible into 2 shares of common stock. **Underwriter**—Herrick, Waddell & Co., Inc., New York. **Offering** — To be offered publicly at $8.10 a unit consisting of one share of class A stock and one share of common stock. **Proceeds**—$201,000 for retirement of 2,010 shares ($100 par) preferred stock at $100 a share; remaining proceeds, together with other funds, will be used for production of educational films.

Florida Power Corp. (7/24)
June 4 filed 100,000 shares ($7.50 par) common. **Underwriters**—Adler, Peabody & Co. and Merrill Lynch, Fenner & Beane. **Offering**—The shares will be offered for subscription to common stockholders of record July 9 in the ratio of one share for each 10 shares being held. Rights will expire July 23. **Price**—By amendment. **Proceeds**—To be used in $9,450,000 construction program.

Florida Power & Light Co., Miami, Fla.
June 24 filed $10,000,000 of first mortgage bonds, due 1977; $10,000,000 of sinking fund debentures, due 1972, and 150,000 shares of $100 par cumulative preferred. **Underwriters**—Names to be filed by amendment. Price by amendment. **Proceeds**—To redeem outstanding debentures, serial notes, and promissory notes, and for expansion of facilities.

Frontier Industries Inc., Buffalo, N. Y.
June 23 (letter of notification) 10,000 shares of common stock (par $1). **Price**—$11.25 per share. **Underwriter**—Hamlin & Lunt, Buffalo. Retire indebtedness and general corporate purposes.

General Portland Cement Co., Chicago
June 20 filed 42,480 shares ($1 par) common. **Underwriting** — No underwriting. **Offering** — To be sold to holders of Portland's consolidation warrants. The warrants, entitling holdings to purchase stock at $12 a share, were issued to stockholders of Florida Portland Cement Co. and Signal Mountain Cement Co., January, 1947. **Proceeds**—For general corporate purposes.

Glensder Textile Corp., New York
Aug. 28, 1946, filed 355,000 shs. ($1 par) common, of which 55,000 shs. are reserved for issuance upon the exercise of stock purchase warrants. **Underwriter**—Van Alstyne, Noel & Co. **Offering**—The 300,000 **shares are issued and outstanding and being sold for the account of certain stockholders. Company has also issued 55,000 stock purchase warrants to the selling stockholders at 10 cents a share entitling them to purchase up to Aug. 1, 1949, common stock of the company at $11 a share. Price by amendment. Offering temporarily postponed.**

Greil Drug & Chemical Co., Pittsburgh
May 5 (letter of notification) 150,000 shares of common stock. **Price**—$1. **Underwriter**—Willis E. Burnside & Co., Inc., New York. Proceeds to buy all assets of Mid-State Pharmacal Co., Inc. of Bedford, Ind., which makes a complete line of over 150 drug items, and for additional working capital. In no event will any offering be made until approval for sale has been secured from several blue-sky States.

Grolier Society, Inc., New York
April 2, 1947 (by amendment) 170,000 shares of $1 par common stock. **Underwriters**—Riter & Co. and Hemphill, Noyes & Co. **Offering**—Underwriters will purchase from the company 70,000 shares and from Fred P. Murphy and J. C. Graham, Jr., 100,000 shares of issued and outstanding common. **Proceeds**—For reduction of bank loans.

● **Hanny Clothing Co., Phoenix, Ariz.**
June 25 (letter of notification) 2,500 shares ($100 par) $5 cumulative preferred. **Price**—$100 a share. No underwriting. For expansion program of the company.

Hartfield Stores, Inc., Los Angeles
June 27, 1946 filed 120,000 shares ($1 par) common. **Underwriters**—Van Alstyne, Noel & Co., New York, and Johnston, Lemon & Co., Washington, D. C. **Offering**—To be offered to the public at $5 a share. **Proceeds**—Company is selling 50,000 shares and stockholders are selling 75,000 shares. The company will use its proceeds to pay the costs of opening additional stores and to expand merchandise in its existing stores. Offering temporarily postponed.

Helicopter Air Transport, Inc., Camden, N. J.
March 14 filed 270,000 shares of capital stock. **Underwriter**—Strauss Bros., Inc., New York. Underwriters may withdraw as such. **Price**—$3.50 a share. **Proceeds**—Net proceeds will be used to pay obligations, purchase helicopters and equipment and for working capital.

Holt (Henry) & Co., Inc., N. Y.
June 20 (letter of notification) 5,000 shares ($1 par) common on behalf of Reserve Loan Life Insurance Co. of Texas and 5,000 shares common on behalf of Atlantic Life Insurance Co. To be sold at market, approximately $10 a share. **Underwriter**—Kneeland & Co., Chicago.

● **Hooker Electrochemical Co. (7/15)**
June 26 filed 110,000 shares (no par) cumulative preferred, series A. **Underwriting**—Smith, Barney & Co., New York. **Price**—By amendment. **Proceeds**—To redeem outstanding shares of $4.25 cumulative no par preferred at $104 a share and for construction expenditures. **Business**—Manufacture of chemical products.

Illinois Power Co., Decatur, Ill.
June 17, 1946 filed 200,000 shares ($50 par) cumu. preferred stock and 966,870 shares (no par) common stock. **Underwriters**—By competitive bidding. Probable bidders include Blyth & Co., Inc.; The First Boston Corp.; W. E. Hutton & Co. **Proceeds**—Net proceeds from the sale of preferred will be used to reimburse the company's treasury for construction expenditures. Net proceeds from the sale of common will be applied for redemption of 5% cumulative convertible preferred stock not converted into common prior to the redemption date. The balance will be added to treasury funds. Company has asked the SEC to defer action on its financing program because of present market conditions.

● **International Bank for Reconstruction and Development**
June 30 filed an aggregate of $250,000,000 of 10-year 2¼% bonds and 25-year 3% bonds. **Underwriting**—No underwriting. The offering will be made with the cooperation of securities dealers throughout the United States. Price by amendment. **Proceeds** — For general lending operations of the bank. **Business**—Operation of bank whose members consist of 44 governments.

Interstate Power Co., Dubuque, Iowa
May 13 filed $19,400,000 of first mortgage bonds, due 1977, and 3,000,000 shares ($3.50 par) capital stock. **Underwriters**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Goldman, Sachs & Co., and The First Boston Corp. (jointly); Halsey, Stuart & Co. Inc. (bond only); Harriman Ripley & Co., and Dillon, Read & Co. Inc. (stock only). **Proceeds**—For debt retirement, finance new construction and for working capital.

● **It's A Dilly Co., Memphis, Tenn.**
June 30 (letter of notification) 50,000 shares of stock. **Price**—$3 a share. No underwriting. For development of business.

● **Investors Mutual, Inc., Minneapolis, Minn.**
June 26 filed 4,000,000 shares of capital stock. **Underwriting**—Investors Syndicate of Minneapolis. **Price**—Based on market price. **Proceeds** — For investment. **Business**—Investment business.

Iowa-Illinois Gas & Electric Co.
Feb. 15 filed $22,000,000 of first mortgage bonds due 1977. **Underwriter**—To be determined by competitive bidding. **Probable bidders** include Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Blyth & Co., Inc.; Harriman Ripley & Co.; Harris, Hall & Co. (Inc.). **Proceeds**—Part of the proceeds will be used to pay mortgage debt of $10,578,000 and balance will be added to general funds.

Jahn & Ollier Engraving Co.
Feb. 26, filed 102,000 shares ($1 par) common. **Underwriter**—Sills, Minton & Co., Inc., Chicago. **Price**—By amendment. **Proceeds**—The shares, which constitute approximately 48.5% of company's outstanding common stock, are being sold to stockholders.

Kentucky Utilities Co., Lexington, Ky. (7/14)
May 9 filed 130,000 shares ($100 par) cumulative preferred. **Underwriters**—To be determined by competitive bidding. Probable bidders include Blyth & Co., Inc.; The First Boston Corp.; Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly) and Lehman Brothers and Lazard Freres & Co. (jointly). **Offering**—Preferred stock initially will be offered in exchange for outstanding ($100 par) 6% preferred and ($50 par) junior preferred. The basis of exchange will be one share of new preferred for each share of 6% preferred and one share of new preferred for each two shares of junior preferred. Shares of new preferred not issued in exchange will be sold at competitive bidding. Price to be determined by competitive bidding. **Proceeds**—Proceeds from the sale of new preferred will be used to redeem unexchanged shares of old preferred. **Bids**—The sale tentatively set for July 14.

● **Kimberly-Clark Corp., Neenah, Wis.**
June 27 filed 300,000 shares (no par) common. **Underwriting**—Blyth & Co., New York. **Price**—To be supplied by amendment. **Proceeds**—For construction of additional plants and facilities and for improvement of facilities. **Business**—Book paper manufacturer.

La Plant-Choate Manufacturing Co., Inc., Cedar Rapids, Iowa
April 30 filed 60,000 shares ($25 par) 5% cumul. convertible preferred. **Underwriter**—Paul H. Davis & Co., Chicago. **Price**—$25 per share. **Proceeds**—To be added to working capital and will be used in part to reduce current bank loans.

Lay (H. W.) & Co., Inc., Atlanta
April 18 filed 16,000 shares ($50 par) 5% cumulative convertible preferred and 15,000 shares ($1 par) common. **Underwriter**—Clement A. Evans & Co., Inc., Atlanta. **Offering**—All but 3,000 shares of the common will be sold publicly at $6.50 a share. The preferred will be offered to the public at $50 a share. The 3,000 shares of common not sold publicly will be offered to company officers and employees at $5 each. **Proceeds**—For construction of new plants at Atlanta and Memphis, Tenn. Offering indefinitely postponed.

● **Legend Gold Mines, Ltd., Toronto, Canada**
June 27 filed 300,000 shares ($1 par) common treasury stock. **Underwriting** — To be supplied by amendment. **Price**—50 cents a share. **Proceeds**—To develop mining properties. **Business**—Mining.

Lerner Stores Corp., Baltimore, Md.
May 2 filed 100,000 shares ($100 par) cumulative preferred. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, N. Y. Price by amendment. **Proceeds**—To retire 31,870 shares of 4½% preferred at $105 a share and to repay $4,500,000 bank loan. Reported plan to offer preferred abandoned, with possibility of new issue of debentures being offered.

Libby, McNeill & Libby
April 30 filed 100,000 shares (no par) preferred stock. **Underwriter** — Glore, Forgan & Co. **Offering** — Stockholders of record May 19 will be given the right to subscribe to the new stock at the rate of one share of preferred for each 36 shares of common owned. Rights expire June 2. **Proceeds**—The money will be used to complete a plant at Sunnyvale, Calif., and for other corporate purposes. Offering temporarily postponed.

Lock Nut Corp. of America, Chicago
June 17 filed 50,000 shares ($12.50 par) 5% cumulative preferred and 250,000 shares ($1 par) common. **Underwriting**—No underwriting. **Price**—$17.50 per unit consisting of one share of preferred and five shares of common. **Proceeds**—For payment of outstanding notes and for purchase of machinery and equipment.

Loew's Inc., New York
June 20 filed 59,676 shares (no par) common. **Underwriting**—To be sold at market through regular brokers. **Offering**—To the Public. **Proceeds**—The shares are being sold by Nicholas M. Schenck, President, who will receive proceeds.

● **Maltby-Thurston Hotels, Inc., Seattle**
June 23 (letter of notification) 2,873 shares (no par) common. **Price**—$25 a share. To be offered to present stockholders at $25 a share. No underwriting. For reduction of indebtedness.

Manhattan Coil Corp., Atlanta, Ga.
May 20 filed $500,000 5% serial debentures, due 1949-1957; 12,000 shares ($25 par) 5½% cumulative convertible preferred and 85,000 shares ($1 par) common. **Underwriter**—Kirchofer & Arnold, Inc., Raleigh, N. C. **Price**—The debentures at 102.507, while the preferred shares will be offered at par and the common shares at $4 each. **Proceeds**—To retire bank indebtedness and to finance purchase of machinery and other plant equipment.

Manontqueb Explorations, Ltd., Toronto, Can.
April 10 filed 300,000 shares ($1 par) common. **Underwriter**—F. H. Winter & Co. **Price**—40 cents a share. **Proceeds**—For exploration and development of mining claims. **Business**—Mining.

● **Markley Corp., Plainville, Conn.**
June 30 (letter of notification) $60,000 six months 4% loans on behalf of Harold W. Harwell, President. **Price**—Par. No underwriting.

Mays (J. W.) Inc., Brooklyn, N. Y.
Feb. 28 filed 150,000 shares ($1 par) common. **Underwriter**—Burr & Co., Inc., New York. Price by amendment. **Proceeds**—Of the total, 100,000 shares are being sold by seven stockholders. The remaining 50,000 shares are being sold by the company, which will use its proceeds for general corporate purposes.

Mid-Continent Airlines, Inc., Kansas City, Mo.
May 14 (letter of notification) 30,601.4 shares of common. **Price**—$7.50 a share. No underwriting. To be added to working capital.

Midland Cooperative Wholesale, Minneapolis
May 29 filed $1,000,000 4% non-cumulative preferred Stock "D." **Underwriting**—None. **Price**—$103 a share. **Proceeds**—For operating capital and other corporate purposes.

● **Mill Reef Properties, Ltd., Antigua, Leeward Islands, British West Indies**
June 26 filed $780,000 (B. W. I.) of unsecured debentures, due 1977, 3% interest after Jan. 1, 1950; and 8,500 shares of $1 (B. W. I.) par capital stock. **Underwriting**—The shares may be sold through officers and directors of the company. **Price**—Per unit: $6,000 B. W. I. ($5,100 U. S.) debentures and 60 capital shares. The company will issue an additional 700 shares of capital stock to Robertson Ward, President, as compensation for services. **Proceeds**—To acquire property and construction of club facilities. **Business**—Operation of club.

Mission Appliance Corp., Los Angeles
March 25 filed 58,000 shares ($5 par) common. **Underwriter**—Lester & Co., Los Angeles. **Price**—$11.50 a share. **Proceeds**—For construction of new plant building and an office building and for purchase of machinery and equipment.

● **Mississippi Power Co., Gulfport, Miss.**
June 27 filed $2,500,000 of first mortgage bonds, due 1977, and 20,099 shares (no par) preferred. **Underwriting**—Bonds will be sold at competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. (bonds only); The First Boston Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Glore, Forgan & Co., and W. C. Langley & Co. (jointly). **Offering**—The bonds will be offered publicly while the preferred will be offered to the company's $6 preferred stockholders in exchange for their present holdings on a share for share basis, plus cash. Shares of new preferred not issued in exchange will be offered publicly through underwriters. **Price**—Price of bonds will be determined by competitive bidding. Price of preferred will be supplied by amendment. **Proceeds**—To finance new construction. **Business**—Public utility.

Missouri Edison Co., Louisiana, Mo.
May 7 filed 80,000 shares ($5 par) common. **Underwriter**—Blair & Co., New York. **Price**—$10.50 a share. **Proceeds**—Shares being sold by L. F. Rodgers, Dallas, Tex., Treasurer and principal stockholder, who will receive proceeds.

Morris Plan Corp. of America, N. Y.
Mar. 31 filed $3,000,000 debentures. **Underwriter**—Eastman, Dillon & Co., New York. Price by amendment. **Proceeds**—To retire outstanding bank loans.

● **New London Freight Lines, Inc., Riverhead, L. I.**
July 1 (letter of notification) 1,000 shares of common stock (par $100). **Price**—$100 per share. **Underwriters**—None. Purchase and reconversion of a LMS vessel into a ferry boat, purchase of land for building of dock, etc.

New York Telephone Co. (7/8)
June 20 (by amendment) filed $125,000,000 refunding mortgage 35-year bonds, series D, due 1982. **Underwriters**—To be sold at competitive bidding. Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.; Harris Hall & Co (Inc.). **Proceeds**—Proceeds will be used to repay $79,300,000 of demand notes to its parent, American Telephone & Telegraph Co., and a $3,000,000 short term note owing the Chase National Bank, New York, plus $25,000,000 it expects to borrow from Chase prior to the sale of the debentures. The balance of proceeds will be used to meet further construction requirements. **Bids Invited**—Bids for the purchase of the bonds will be received at Room 1600, 140 West Street, New York, up to 11 a.m. (EDT), July 8.

Nickel Cadmium Battery Corp., Easthampton, Mass.
June 2 (letter of notification) 30,000 shares ($10 par) 6% cumulative convertible preferred. **Price**—$10 a share. **Underwriter**—Harrison White, Inc., New York. **Proceeds**—To be added to general funds for general corporate purposes.

● **North American Van Lines, Inc., Cleveland**
June 23 (letter of notification) 1,500 shares (no par) common. **Price**—$100 a share. No underwriting. For working capital.

Old Poindexter Distillery, Inc., Louisville, Ky.
Mar. 31 filed 50,000 shares ($20 par) 5% convertible cumulative preferred and an unspecified number of ($1 par) common shares into which the preferred is convertible. **Underwriters**—F. S. Yantis & Co., and H. M. Byllesby & Co., both of Chicago. **Price**—At par. **Proceeds**—To be added to working capital.

Oneida, Ltd., Oneida, N. Y.
May 27 (letter of notification) 20,500 shares ($12.50 par) common. **Price**—$12.50 a share. Offered at par to common stockholders of record June 13 at rate of one new share for each 10 shares held. Rights expire Aug. 13. No underwriting. For additional working capital.

Pacific Power & Light Co., Portland, Ore.
June 18 filed $29,000,000 30-year first mortgage bonds. **Underwriting**—Of the total, $26,900,000 will be offered at competitive bidding. Probable bidders include Halsey, Stuart & Co. Inc.; The First Boston Corp. and W. C. Langley & Co. (jointly), Blyth & Co., Inc. **Offering**—$2,100,000 of the bonds will be issued to Pacific's parent, American Power & Light Co., in exchange for the same principal amount of 4½% debentures due 1959. **Price**—To be determined by competitive bidding. **Proceeds**—For redemption of 5% first mortgage and prior lien gold bonds due 1955. For construction program and for payment of indebtedness.

Pennsylvania-Central Airlines Corp.
May 29 filed $9,850,000 15-year 3½% convertible income debentures, due 1960. The registration was filed as a step in obtaining consent of two-thirds of the holders of the outstanding income debentures to changes in the indenture to permit extension of a $4,000,000 bank loan. White, Weld & Co. will act as dealer-manager to engage in proxy solicitation. Holders of the outstanding debentures will be asked to approve changes in the indenture to eliminate present restrictions against creation of debt and give relief from any obligations to the sinking fund until 1950.

Pennsylvania (Pa.) Salt Manufacturing Co.
June 18 filed 50,000 shares ($100 par) convertible preferred series A stock. **Underwriter**—No underwriting. **Offering**—Shares will be offered to the company's common stockholders on the basis of one share of preferred for each 15 shares of common held. **Price**—By amendment. **Proceeds**—For expansion of production facilities and other corporate purposes.

Popular Home Products Corp., N. Y.
May 9 (letter of notification) 75,000 shares of common stock (par 25c.) and 5,000 shares on behalf of Raymond Spector, President. **Price**—$3.75 per share. **Underwriter**—Eric & Drevers and Hill, Thompson & Co., Inc., New York. Proceeds will be advanced to Staze Inc., a wholly owned subsidiary, and used to eliminate factoring, to purchase packaging materials more advantageously, for working capital, etc.

● **Premier-Mining & Milling Co., Carson City, Nev.**
June 23 (letter of notification) 5,000 shares ($10 par) preferred and 5,000 shares (no par) common. **Price**—$10 per unit consisting of one share of preferred and one share of common. No underwriting. For mine development.

● **Proctor & Schwartz, Inc., Philadelphia**
June 24 (letter of notification) 10,000 shares of class "A"
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common. **Price**—$25 a share. No underwriting. For general corporate purposes.

Public Service Co. of Indiana Inc.
March 26 filed $11,077,800 15-year 2¾% convertible debentures. **Underwriters** — None. **Offering** — For subscription by common stockholders in the ratio of $200 principal amount of debentures for each 20 shares of common held. The debentures will be convertible into common from May 1, 1947 to April 30, 1959. **Price**—Par **Proceeds**—For repayment of $11,500,000 of bank loan notes.

Public Service Co. of New Mexico (7/9)
May 29 filed $6,800,000 30-year first mortgage bonds and 20,000 shares ($100 par) cumulative preferred. **Underwriters**—To be sold through competitive bidding. Probable bidders include Blyth & Co., Inc.; The First Boston Corp. and White Weld & Co. (jointly); Otis & Co.; Glore, Forgan & Co.; Halsey, Stuart & Co. Inc. (bonds only). **Proceeds**—For redemption and prepayment of $6,684,220 of indebtedness. The balance will be added to general funds to be used for expansion program. **Bids Invited**—Bids for the purchase of the securities will be received up to 11 a.m. (EDT), at Room 1600, 70 Pine Street, New York.

Quebec Gold Rocks Exploration Ltd., Montreal
Nov. 13, 1946, filed 100,000 shs. (50¢ par) capital stock. **Underwriter**—Robert B. Soden, Montreal, director of company. **Price**—50¢ a share. **Proceeds**—For exploration and development of mining property.

Raleigh Red Lake Mines, Ltd., Toronto, Can.
June 9 filed 460,000 shares of stock. **Underwriter**—Mark Daniels & Co., Toronto. **Price**—25 cents a share. **Proceeds**—To finance diamond drilling and land surveys.

Refrigerated Cargoes, Inc., New York
Feb. 3 filed 25,000 shares ($100 par) 6% cumulative preferred and 25,000 shares (no par) common. **Underwriter**—John Martin Rolph, Vice-President and director of company. **Price**—The stocks will be sold at $105 per unit consisting of one share of preferred and one share of common. **Proceeds**—To be used in organization of business.

Republic Pictures Corp., New York
Registration originally filed July 31, 1946, covered 184,823 shares of $1 cumulative convertible preferred ($10 par) and 277,231 shares (50c par) common stock, with Sterling, Grace & Co. as underwriters. Company decided to issue 454,465 shares of common stock only, which were to be offered for subscription to stockholders of record Sept. 5, 1946, to the extent of one share for each five held. Issue not to be underwritten.

Rochester (N. Y.) Gas & Electric Corp.
May 26 filed $16,677,000 first mortgage bonds, Series L, due 1977, and 50,000 shares ($100 par) preferred stock. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Glore, Forgan & Co.; Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley; Lehman Brothers; The First Boston Corp. and Smith, Barney & Co. (jointly). **Proceeds**—To redeem all of its outstanding $7,675,000 bonds and to repay $3,500,000 bank loan and to finance new construction. Corporation has temporarily abandoned the proposed financing, it was announced June 17, due to "unacceptable" conditions of New York P. S. Commission. Instead company June 18 asked SEC permission to issue unsecured notes.

Rochester (N. Y.) Telephone Corp.
June 4 filed 67,500 shares ($100 par) cumulative preferred. **Underwriting**—By competitive bidding. Probable bidders—Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley & Co.; Blyth & Co., Inc.; Glore, Forgan & Co.; Shields & Co., and E. H. Rollins & Sons (jointly). **Proceeds**—To redeem 4½% series A first cumulative preferred, pay off demand notes, and for property expansion and conversion of telephone system from manual to automatic dial operation in Rochester.

Salant & Salant, Inc., New York
March 28 filed 240,000 shares ($2 par) capital stock. Underwriter—Eastman, Dillon & Co., New York. Price by amendment. Proceeds—Shares are being sold by 13 stockholders who will receive proceeds.

● **Sand Dune Oil Co., Los Angeles**
June 23 (letter of notification) 1,500 shares (no par) common and 100 shares (no par) common carrying waiver of dividends until holders of 1,500 shares have received as dividends full amount of purchase price. The public offering price will be $66.66⅔ a share. No underwriting. To explore for oil.

● **Sanitary Products Corp., Taneytown, Md.**
June 25 (letter of notification) 1,420 shares ($50 par) cumulative convertible preferred. **Price**—$50 a share. **Underwriter**—Jackson and Co., Boston, will be underwriter for 1,300 shares. The remaining 120 shares will not be underwriten. For working capital and organization expenses.

Seaboard Container Corp. (7/8-9)
May 9 filed 75,000 shares ($20 par) 5½% cumulative convertible preferred and 112,500 class A shares ($1 par) common (also 225,000 shares class A reserved for conversion and 69,000 reserved for warrants). Underwriter will make special offering of 12,500 shs. of pfd. to holders of 6% debs. at $18.15 for a limited period. **Underwriter**—Herrick, Waddell & Co., Inc., New York. **Price**—$20 a preferred share and $6 a common share. **Proceeds**—The company will receive proceeds from the sale of all the preferred and 37,500 shares of the common. The remaining shares of common are being sold by stockholders. Company will use its proceeds to redeem $250 000 of 5-year debentures and to repay a $450,000 bank loan. The balance will be used to finance construction of a new plant at Bristol, Pa.

Service Caster & Truck Corp., Albion, Mich.
April 10 filed 32,000 shares ($25 par) $1.40 convertible preferred and 53,962 shares ($1 par) common. **Underwriter**—Smith, Burris & Co., Chicago. **Price**—$25 a preferred share and $10 a common share. **Proceeds**—Proceeds, together with funds to be provided by a term bank loan, will be used to discharge indebtedness to Domestic Credit Corp.

Solar Manufacturing Corp.
March 19 (by amendment) filed 110,000 shares of 75c cumulative convertible preferred stock, series B (par $5) **Underwriters**—Van Alstyne, Noel & Co. Price per share $12.50 **Proceeds**—Net proceeds will be applied to redemption of bank loans and to cover part of cost of expansion program.

Strauss Fasteners Inc., New York
March 25 filed 25,000 shares of 60 cents cumulative convertible preferred. **Underwriter**—Floyd D. Cerf Co. Inc., Chicago. **Offering**—The shares initially will be offered for subscription to common stockholders of Segal Lock & Hardware Co. Inc., parent, at $9 a share in the ratio of one share of preferred for each 30 shares of Segal common held. Unsubscribed shares of preferred will be offered publicly at $10 a share. **Proceeds**—For additional working capital.

● **Sylvan Seal Milk, Inc., Philadelphia (7/8)**
July 1 (letter of notification) 4,000 shares of common stock (no par). **Price**—$8. **Underwriter**—Penington, Colket & Co., Philadelphia. Proceeds to go to selling stockholders.

Textron Inc., Providence, R. I.
Feb. 28 filed 300,000 shares ($25 par) 5% convertible preferred. **Underwriters**—Blair & Co., Inc., New York, and Maxwell, Marshall & Co., Los Angeles. Price by amendment. **Proceeds**—For payment of $3,950,000 of bank loan notes; purchase of two notes issued by a subsidiary, Textron Southern Inc. in the amount of $1-000,000 each, and for working capital. Offering date indefinite.

● **Thermoid Co., Trenton, N. J.**
June 27 filed 161,626 shares ($1 par) common. **Underwriting**—Blyth & Co., Inc., New York. **Offering**—Of the total, 111,626 shares will be offered in exchange to stockholders of Asbestos Manufacturing Co. on the basis of two shares of Thermoid common for one share of Amco cumulative convertible preference stock and one share of Thermoid common for four shares of Amco common. The remaining 50,000 shares will be offered publicly. **Proceeds**—Proceeds from the public sale will be used to purchase 90,000 shares of Amco common for $225,000 which will assure it voting control of Amco. The balance of proceeds will be added to working capital. **Business**—Manufacture of automotive friction and rubber products.

● **Tingle-Aron-Nahm Furniture Co., New Albany, Indiana**
June 26 (letter of notification) 500 shares of preferred and 235 shares of common. **Price**—$100 per unit. No underwriting. For working capital.

Tucker Corp., Chicago
May 6 filed 4,000,000 shares ($1 par) Class A common. **Underwriter**—Floyd D. Cerf Co., Chicago. **Price**—$5 a share. The underwriting discount will be 70 cents a share. **Proceeds**—To lease and equip manufacturing plant at Chicago, and for other operating expenses. The offering of the stock is expected some time after the middle of July. It is understood that over 500 retail investment firms have indicated interest in this issue and a heavy oversubscription of the stock is expected by the underwriters.

United States Television Mfg. Corp., N. Y.
June 18 filed 75,000 shares of 5% convertible preferred stock (par $4). **Underwriters**—William E. Burnside & Co., Inc. and Mercer Hicks & Co. **Offering**—To be offered at par. **Proceeds**—For general corporate purposes as additional working capital.

Utah Chemical & Carbon Co., Salt Lake City
Dec. 20 filed $700,000 15-year convertible debentures due 1962, and 225,000 shares ($1 par) common. The statement also covers 112,000 shares of common reserved for conversion of the debentures. **Underwriter**—Carver & Co., Inc., Boston. **Price**—Debentures 98; common $3.75 per share. **Proceeds**—For plant construction, purchase of equipment and for working capital.

● **Van Norman Co., Springfield, Mass. (7/17)**
June 27 filed $2,500,000 15-year 3% sinking fund debentures. **Underwriting**—Paine, Webber, Jackson & Curtis, of Boston. Price by amendment. **Proceeds**—To repay bank loans, pay taxes, and for working capital. **Business**—Manufacture of machine tools.

Vauze Dufault Mines, Ltd., Toronto, Canada
Mar. 31 filed 500,000 shares ($1 par) common. **Underwriter**—Name to be filed by amendment. **Price**—50 cents a share. **Proceeds**—For general operating expenses.

Warren Petroleum Corp., Tulsa, Okla. (7/9)
June 19 filed 100,000 shares ($100 par) convertible preferred. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York. Price by amendment. **Proceeds**—To reduce bank loans and to increase general funds **Business**—Manufacture of gasoline.

Weber Showcase & Fixture Co., Inc.
Mar. 31 filed 108,763 shares ($5 par) common. **Underwriters**—Blair & Co., Inc. and Wm. R. Staats Co. **Offering**—Shares will be offered for subscription to Weber's common stockholders. Certain shareholders have waived subscription rights. An additional 31,320 shares reserved for warrants exercisable through Dec. 31, 1948 at $10 per share. **Proceeds**—To retire preferred stock and to reduce bank loans.

Wheeling (W. Va.) Steel Corp. (7/9)
June 19 filed $20,000,000 20-year first mortgage, Series D, sinking fund bonds. **Underwriter** — Kuhn, Loeb & Co., New York. Price by amendment. **Proceeds**—To finance construction and improvement program.

Wisconsin Power & Light Co., Madison, Wis.
May 21 filed 550,000 shares ($10 par) common stock to be sold at competitive bidding. Underwriters—By amendment. Probable bidders include Glore, Forgan & Co., and Harriman Ripley & Co. (jointly); The Wisconsin Co.; Dillon, Read & Co., Inc. **Proceeds—Part** of the shares are to be sold by Middle West Corp., **top holding company of the System, and part by preference stockholders of North West Utilities Co., parent of Wisconsin, who elect to sell such shares of Wisconsin common which will be distributed to them upon the dissolution of North West Utilities Co.**

Prospective Security Offerings

(NOT YET IN REGISTRATION)
● INDICATES ADDITIONS SINCE PREVIOUS ISSUE

● **Brown & Bigelow**
July 2 Charles A. Ward, President, declared that a program of public financing undertaken in 1946 was held in abeyance due to unfavorable market conditions. The program will be revised as soon as circumstances appear favorable to its successful completion.

● **Butterworth (H. W.) & Sons Co.**
June 30 reported company has set up tentative plans for an equity financing program when market conditions are more favorable.

● **Camden (N. J.) Fire Insurance Association**
June 30 reported company considering increase in capital stock and issuance of 100,000 additional shares for subscription by stockholders on one for four basis.

Chesapeake & Ohio Ry. (7/8)
Bids will be received up to noon (EST)) July 8, at company's office, 3400 Terminal Tower, Cleveland, for the purchase of $3,150,000 serial equipment trust certificates of 1947. Probable bidders include: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; Harris, Hall & Co. (Inc.)

● **Duquesne Light Co.**
June 30 reported company considering refinancing $70,-000,000 of bonds and $27,500,000 preferred stock. Probable bidders: Kuhn, Loeb & Co. and Smith, Barney & Co.; Halsey, Stuart & Co. Inc. (bonds only).

Equitable Office Building Corp. (7/7)
J. Donald Duncan, trustee, has issued invitations for proposals from bankers or others for the underwriting of a new issue to replace the corporation's present $4,-754,000 of outstanding debentures. Bids will be received at the office of the trustee, 120 Broadway, New York City, up to 3 p.m. (EDT) on July 7. The bids will come up for consideration at a hearing on July 8 in the U. S. Court House, Foley Square, New York. Stockholders will be given an opportunity until July 15 to file proposed alterations or modifications of the plan of reorganization, based on the bids received for the new bonds.

● **Erie RR. (7/15)**
The company has issued invitations for bids to be received July 15 for a conditional sale agreement in the amount of $311,750. The proceeds from the sale will cover approximately 80% of the cost of three 660 h.p. and two 1,000 h.p. diesel-electric switching locomotives.

● **Glens Falls (N. Y.) Insurance Co.**
July 1 reported company plans issuance of 150,000 additional capital shares to be first offered for subscription to stockholders in ratio of one new for every 10 held. Probable underwriter, Morgan Stanley & Co.

● **Lerner Stores Corp., Baltimore**
July 2 reported company plans new issue of debentures to replace proposed issue of 100,000 shares of preferred stock (par $100). Probable underwriter, Merrill Lynch, Pierce, Fenner & Beane.

● **Louisville Gas & Electric Co. (Ky.)**
July 1 reported company plans tentatively to issue $4,500,000 in additional bonds, probably next year, for construction and expansion purposes.

● **National Union Fire Insurance Co. of Pittsburgh**
Aug. 20 stockholders will vote on increasing authorized capital from $1,100,000 to $2,000,000 and change par from $20 to $5, to effect 4-for-1 split up of 55,000 shares outstanding. Company proposes sale of 180,000 additional shares through rights to stockholders at not less than par, which would be underwritten. Probable underwriter, The First Boston Corp.

New York Chicago & St. Louis RR. (7/9)
The company has asked the ICC for authority to issue $1,350,000 of equipment trust certificates. Bids will be received up to noon (EST) at company's office, Cleveland, for the purchase of the certificates. Probable bidders include: Halsey, Stuart & Co. Inc.; Salomon Bros & Hutzler; Harris, Hall & Co. (Inc.).

● **Pennsylvania RR.**
June 25 reported company plans sale of $21,885,000 additional equipment trust certificates. Probable bidders: Salomon Bros. & Hutzler; Halsey, Stuart & Co. Inc.

● **South Jersey Gas Co.**
June 26 reported company contemplates issuance of $4,000,000 first mortgage bonds to take care of construction expenditures.

Our Reporter's Report

Potential new business on the schedule for the current month promises to keep underwriting bankers pretty much up on their toes, particularly in view of the fact that July is a popular vacation month among both officials and employes.

A total of 11 corporations are lined up as prospective issuers, provided of course nothing happens to cause a change in present plans on that end of the business.

In contrast with the situation which prevailed a year ago there is a rather marked dearth of projected new company stock issues at the moment. The 11 corporations now facing the line are all seasoned organizations which makes for a different and more palatable picture.

Topping this month's potential new offerings is that projected by New York Telephone Co., involving $125,000,000 of new first mortgage bonds to mature in 35 years.

The company had originally proposed to market that amount of new debentures, but in deference to the N. Y. State Public Service Commission, it substituted the bonds. Bids on the issue are slated to be opened next Tuesday and as usual it is expected that syndicates headed by the usual competitor banking firms will be seeking the bonds.

Cleveland Elec. Illum.

Also on Tuesday, North American Co. will open bids in the competitive sale of 133,383 shares of common stock of the Cleveland Electric Illuminating Co., in another of those divestment undertakings.

The big holding company has been authorized by the Securities and Exchange Commission to conduct stabilizing operations in the shares on both the New York and Cleveland Stock Exchanges as a part of the operation.

The shares have been selling currently on the "big Board" at prices around 42½ giving the deal an indicated value at market levels of around $6,700,000.

Preferreds Not Popular

Astute market observers are authority for the opinion that investors are not keen about preferred stocks at the moment. In support of their contention they point to the recent experiences of several groups which have undertaken such pieces of business.

The group handling Toledo Edison's preferred has been extended for 15 days, that which handled the Central Arizona Light & Power Co.'s senior equity is reportedly hung up with a good part of the deal and bankers who marketed Dayton Power & Light's preferred are said to have closed out their group with a sizable block of the issue remaining undistributed at that time.

Coolness to preferred offerings is attributed primarily to the effects of competitive bidding which some feel should be left to negotiated sale in order to provide a better chance for work. In competitive bidding, it is argued, the tendency is to overbid and accordingly to bring about ultimate overpricing.

Two Small Offerings

Next Wednesday will bring to market two comparatively small issues, one an industrial preferred, 100,000 shares of $100 par cumulative convertible preferred of Warren Petroleum Corp., which is a negotiated deal.

The second undertaking, scheduled first for competitive bidding involves $6,800,000 first mortgage bonds of Public Service Corp. of New Mexico, plus 20,000 shares of new preferred stock.

This is the type of offering which usually attracts aggressive bidding by bankers and the situation promises to produce just that with no less than six groups indicated as in the running.

Once In a Generation

Oklahoma City officials got a surprise when they opened bids for $5,000,000 bonds offered on Tuesday. But it was a pleasant surprise for the city fathers since the two top bids were an absolute "tie." The issue was split between the "dead - heated" groups.

Another tie was discovered among the runners-up with an investment banking group and a commercial bank having submitted identical bids.

Municipal men could not recall a similar instance since two groups tied about 20 years ago for an issue of $11,000,000 of Westchester Co., N. Y. bonds.

Halsey, Stuart Offers Milwaukee Equipments

A syndicate headed by Halsey, Stuart & Co., Inc., on July 1 made a formal public offering of $6,000,000 Chicago, Milwaukee, St. Paul & Pacific RR. 1⅞% equipment trust certificates series Z. The certificates were priced to yield 1.10% to 2.20% according to maturity. Others making the offering were: Hornblower & Weeks; Otis & Co., Inc.; R. W. Pressprich & Co.; L. F. Rothschild & Co.; Gregory & Son, Inc.; First of Michigan Corp.; Freeman & Co.; Wm. E. Pollock & Co., Inc.; Julien Collins & Co. and The First Cleveland Corporation.

Witter, Jr. and Vivian Join Dean Witter Co.

Dean Witter & Co., members of the New York Stock and Curb Exchanges and other leading security and commodity exchanges, announce that Dean Witter, Jr. and Richard C. Vivian have become associated with the firm as registered representatives in the New York office, 14 Wall Street.

Max Jacquin, Jr. Is Partner in Gruntal

Gruntal & Co., 30 Broad Street, New York City, members of the New York Stock and Curb Exchanges and other principal stock, bond and commodity exchanges throughout the country, announce that Max Jacquin, Jr., has been admitted into the firm as a general partner.


Max Jacquin, Jr.

Mr. Jacquin is a former assistant secretary and assistant Vice-President of the New York Stock Exchange, having been active in the handling of matters involving foreign business, memberships and partnerships, arbitration, taxation and legislation. He was also special assistant to the President of the Association of Stock Exchange Firms for two years. He resigned from the Exchange early in 1946 to become a member of the Exchange and a partner of Lewisohn & Co. In January of 1947, the firm of Dreyfus, Jacquin & Co. was formed as successor to Lewisohn & Co., with Mr. Jacquin as a senior partner.

Gruntal & Co. was formed in 1918 to continue a business originally founded in 1880 by several firms in which Benedict Gruntal had been a partner. With the rapid growth of its business, the company became an active member of securities and commodity exchanges in leading cities. The firm's current plans call for further expansion of its brokerage facilities.

Other partners in the firm are: Benedict H. Gruntal, Morris Hartig, Edwin A. Gruntal, Harry F. Kattenhorn, Louis Kohl and Edward Necarsulmer, Jr. Edwin Gruntal, Edward Necarsulmer and Mr. Jacquin are members of the New York Stock Exchange and Louis Kohl holds a membership on the New York Curb Exchange.

Jos. Reynolds Admitted To Benj. Bartlett Co.

CINCINNATI, OHIO.—Benjamin D. Bartlett & Co., 313 Vine Street, members of the New York and Cincinnati Stock Exchanges, announce the admission of Joseph B. Reynolds to general partnership in the firm on July 1.

Mr. Reynolds is Chairman of the Board of Trustees of the Cincinnati Stock Exchange; Chairman of the Executive Committee and director of the Vulcan Corporation; director of United States Shoe Corporation, and Trustee of the Legal Aid Society of Cincinnati.

James J. O'Connor Dead

James J. O'Connor, President of J. J. O'Connor & Co., Chicago investment firm, died at his home at the age of 55.

J. A. White Opens Office Under Kase

CLEVELAND, OHIO — J. A. White & Company announces the opening of a Cleveland office on July 1, in the National City Bank Building, under the management of James Kase, formerly President of Johnson, Kase & Company of Cleveland. Mr. Kase is widely known in Ohio financial circles, having been engaged in Ohio municipal financing for 30 years. He was formerly Manager of the Municipal Department of the Guardian Trust Co., Cleveland. In 1934 he and George B. Johnson organized the firm of Johnson, Kase & Co., who were active in the underwriting and distribution of Ohio municipal bonds.


James Kase

During the war Mr. Kase was associated with the Federal Reserve Bank of Cleveland, in furtherance of its Regulation V Loan program. He was also associated with the War Assets Administration as attorney for the Cleveland and Cincinnati regional offices in the liquidation of government-owned real property.

J. A. White and Company, whose main office is in Cincinnati, specialize in underwriting Ohio municipal bond issues. They are also publishers of a book on municipal investments entitled "An Analysis of Municipal Bonds," written by the founder and present head of the firm, J. Austin White. Each year the firm compiles and distributes, as a supplement to this book, "White's Ratings for Ohio Municipal Bonds," furnishing detailed ratings on the bonds of the cities and counties of Ohio.

FIC Banks Place Debs.

A successful offering of an issue of debentures for the Federal Intermediate Credit Banks was made June 17 by Charles R. Dunn, New York, fiscal agent for the banks. The financing consisted of $53,680,000 1.10% consolidated debentures dated July 1, 1947, and due April 1, 1948. The issue was placed at par. Of the proceeds $38,455,000 were used to retire a like amount of debentures due July 1, 1947 and $15,225,000 is for new money purposes. As of July 1, 1947, the total amount of debentures outstanding was $370,975,000.

Gumbel With du Pont

Horace S. Gumbel, Jr., has become associated with Francis I. du Pont & Co. as co-manager of the firm's office in the Savoy Plaza Hotel, New York. Mr. Gumbel was formerly with Reynolds & Co. and in the past was a partner in Faroll Brothers.

Lang Officer of Bruns-Nordeman Corp.

The election of Joseph G. Lang as Assistant Vice-President in charge of sales promotion of


Joseph G. Lang

Bruns-Nordeman Corporation, has been announced by Jacques C. Nordeman, President. Mr. Lang has been associated with the company since 1933.

General Foods Pfd. Issue Publicly Offered

Goldman, Sachs & Co. and Lehman Brothers and associates on July 1 offered publicly 250,000 shares of General Foods Corp. $3.50 cumulative preferred stock (no par) at $100.50 per share and accrued dividends.

Net proceeds may be expended in payment of part of the cost of the company's addition, replacement and renewal program and to meet the increased cash requirements of the company's operations occasioned primarily by higher cost inventories. Bank loans aggregating $5,000,000 made for these purposes will also be repaid.

The preferred stock is redeemable at prices starting at $103.50 per share, and also through the sinking fund at prices beginning at $102.

Following completion of the financing, the company's outstanding capitalization will comprise $27,773,941 in term notes; the 250,000 shares of new preferred stock; and 5,575,463 shares of common stock (no par).

The Corporation was incorporated in 1922 as Postum Cereal Co., Inc., as the outgrowth of a business originally established in 1895. The name of the company was changed to its present title in 1929. The corporation and its subsidiaries are engaged in the manufacture or processing and sale of a diversified line of food and grocery products which for the most part are sold in packaged form under nationally advertised brand names.

With Sutro & Co.

Special to THE FINANCIAL CHRONICLE

SAN FRANCISCO, CALIF.—Glenn E. Burton has been added to the staff of Sutro & Co., 407 Montgomery Street, members of the New York and San Francisco Stock Exchanges and other leading national exchanges.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available (dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date):

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	July 5	72.0	95.6	97.0	87.2
Equivalent to—					
Steel ingots and castings produced (net tons)	July 5	1,259,900	1,672,900	1,697,400	1,536,800
AMERICAN PETROLEUM INSTITUTE:					
Crude oil output—daily average (bbls. of 42 gallons each)	June 21	5,114,500	5,113,200	5,024,850	4,949,500
Crude runs to stills—daily average (bbls.)	June 21	5,078,000	5,164,000	4,970,000	4,839,000
Gasoline output (bbls.)	June 21	15,682,000	15,695,000	14,927,000	14,371,000
Kerosine output (bbls.)	June 21	2,163,000	1,972,000	2,010,000	1,915,000
Gas oil and distillate fuel oil output (bbls.)	June 21	5,942,000	5,981,000	5,518,000	5,580,000
Residual fuel oil output (bbls.)	June 21	8,598,000	8,960,000	8,292,000	8,403,000
Stocks at refineries, at bulk terminals, in transit and in pipe lines—					
Finished and unfinished gasoline (bbls.) at	June 21	91,877,000	93,356,000	97,827,000	92,374,000
Kerosine (bbls.) at	June 21	14,041,000	13,094,000	11,074,000	14,054,000
Gas oil and distillate fuel oil (bbls.) at	June 21	40,835,000	38,385,000	35,212,000	37,067,000
Residual fuel oil (bbls.) at	June 21	48,766,000	47,812,000	44,499,000	46,071,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 21	901,296	895,292	880,605	858,423
Revenue freight rec'd from connections (number of cars)	June 21	715,343	700,790	696,442	684,996
CIVIL ENGINEERING CONSTRUCTION, ENGINEERING NEWS RECORD:					
Total U. S. construction	June 26	$143,470,000	$94,488,000	$113,164,000	$128,606,000
Private construction	June 26	69,090,000	41,868,000	54,617,000	84,010,000
Public construction	June 26	74,330,000	52,620,000	58,547,000	44,596,000
State and municipal	June 26	33,488,000	46,459,000	29,891,000	29,052,000
Federal	June 26	40,892,000	6,161,000	28,656,000	15,544,000
COAL OUTPUT (U. S. BUREAU OF MINES AND NATIONAL COAL ASSOCIATION):					
Bituminous coal and lignite (tons)	June 21	12,900,000	12,875,000	12,820,000	11,872,000
Pennsylvania anthracite (tons)	June 21	1,221,000	1,155,000	1,084,000	1,197,000
Beehive coke (tons)	June 21	123,200	113,500	134,700	98,900
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1935-39 AVERAGE=100	June 21	256	300	277	249
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 28	4,674,748	4,676,300	4,429,109	4,132,680
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 24	2.85664c	2.85664c	2.85664c	2.73011c
Pig iron (per gross ton)	June 24	$33.15	$33.15	$33.15	$26.12
Scrap steel (per gross ton)	June 24	34.75	33.25	30.42	19.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 25	21.225c	21.225c	21.225c	14,150c
Export refinery at	June 25	21.425c	21.425c	23.625c	14.550c
Straits tin (New York) at	June 25	80.000c	80.000c	80.000c	52.000c
Lead (New York) at	June 25	15.000c	15.000c	15.000c	8.250c
Lead (St. Louis) at	June 25	14.800c	14.800c	14.800c	8.100c
Zinc (East St. Louis) at	June 25	10.500c	10.500c	10.500c	8.250c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Govt. Bonds	July 1	121.36	121.42	121.67	124.11
Average corporate	July 1	116.80	116.80	117.00	118.80
Aaa	July 1	121.88	121.88	122.50	123.56
Aa	July 1	120.02	120.22	120.43	121.25
A	July 1	116.41	116.41	116.41	118.60
Baa	July 1	109.42	109.24	109.42	112.56
Railroad Group	July 1	111.44	111.25	111.81	116.02
Public Utilities Group	July 1	118.40	118.60	118.60	119.20
Industrials Group	July 1	120.84	120.84	120.84	121.46
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Govt. Bonds	July 1	1.59	1.59	1.57	1.47
Average corporate	July 1	2.81	2.81	2.80	2.71
Aaa	July 1	2.56	2.56	2.53	2.48
Aa	July 1	2.65	2.64	2.63	2.59
A	July 1	2.83	2.83	2.83	2.72
Baa	July 1	3.20	3.21	3.20	3.03
Railroad Group	July 1	3.09	3.10	3.07	2.85
Public Utilities Group	July 1	2.73	2.72	2.72	2.69
Industrials Group	July 1	2.61	2.61	2.61	2.58
MOODY'S COMMODITY INDEX	June 24	403.4	400.0	393.8	371.6
NATIONAL FERTILIZER ASSOCIATION—WHOLESALE COMMODITY INDEX BY GROUP—1935-39=100:					
Foods	June 28	217.4	216.3	215.6	150.6
Fats and oils	June 28	207.3	203.5	215.9	152.7
Cottonseed oil	June 28	273.5	273.5	279.2	163.1
Farm products	June 28	249.4	248.9	245.6	183.5
Cotton	June 28	356.1	359.0	343.2	293.6
Grains	June 28	256.1	254.9	268.1	190.3
Livestock	June 28	233.1	232.1	226.2	163.6
Fuels	June 28	172.2	172.2	172.2	137.4
Miscellaneous commodities	June 28	161.1	159.3	157.6	140.3
Textiles	June 28	218.6	218.7	215.5	172.3
Metals	June 28	148.7	148.5	149.4	123.5
Building materials	June 28	185.3	180.9	188.2	168.3
Chemical and drugs	June 28	155.9	155.6	157.4	127.5
Fertilizer materials	June 28	126.0	125.9	128.0	114.8
Fertilizers	June 28	134.6	134.6	134.6	119.8
Farm machinery	June 28	126.6	125.3	125.3	109.0
All groups combined	June 28	197.9	197.1	196.5	151.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 21	166,639	146,726	148,740	157,746
Production (tons)	June 21	182,909	183,105	179,001	163,148
Percentage of activity	June 21	102	103	101	97
Unfilled orders (tons) at	June 21	487,877	512,578	582,603	560,916
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1926-36 AVERAGE=100	June 26	142.7	143.5	144.8	135.8
WHOLESALE PRICES—U. S. DEPT. LABOR—1926=100:					
All commodities	June 21	147.8	147.6	146.9	112.4
Farm products	June 21	178.7	178.3	177.2	140.0
Foods	June 21	162.6	162.4	160.3	113.7
Hides and leather products	June 21	169.4	167.0	166.4	123.5
Textile products	June 21	138.4	138.5	138.3	108.3
Fuel and lighting materials	June 21	104.5	104.4	104.3	87.1
Metal and metal products	June 21	141.5	142.3	141.8	111.0
Building materials	June 21	176.3	176.1	177.0	127.7
Chemicals and allied products	June 21	124.3	124.4	126.0	96.9
Housefurnishing goods	June 21	131.0	129.6	129.4	110.4
Miscellaneous commodities	June 21	115.8	116.0	116.5	97.9
Special groups—					
Raw materials	June 21	161.5	161.2	160.3	126.0
Semi-manufactured articles	June 21	142.7	142.3	142.6	104.4
Manufactured products	June 21	142.9	142.9	142.1	107.7
All commodities other than farm products	June 21	141.1	141.0	140.4	106.3
All commodities other than farm products and foods	June 21	132.1	132.1	132.2	105.1

	Latest Month	Previous Month	Year Ago
AMERICAN GAS ASSOCIATION—For Month May:			
Total gas sales (M therms)	2,312,585	2,726,603	2,028,200
Natural gas sales (M therms)	1,998,796*	2,368,287	1,763,096
Manufactured gas sales (M therms)	185,051	206,814	166,077
Mixed gas sales (M therms)	128,738	151,502	99,027
AMERICAN PETROLEUM INSTITUTE—Month of March:			
Total domestic production (bbls. of 42 gallons each)	163,193,000	144,637,000	146,398,000
Domestic crude oil output (bbls.)	152,160,000	134,693,000	136,835,000
Natural gasoline output (bbls.)	10,953,000	9,864,000	9,323,000
Benzol output (bbls.)	80,000	80,000	240,000
Crude oil imports (bbls.)	9,263,000	8,444,000	6,812,000
Refined products imports (bbls.)	6,146,000	5,597,000	3,353,000
Indicated consumption—domestic and export (bbls.)	180,116,000	169,257,000	156,848,000
Increase or decrease—all stock (bbls.)	—1,514,000	—10,579,000	—285,000
CLASS I RRs. (ASSOC. OF AMER. RRs.)—Month of April:			
Number of miles represented	227,038	227,679	227,038
Total operating revenues	$689,456,229	$717,826,034	$566,627,017
Total operating expenses	$543,301,248	$549,367,970	$507,909,532
Operating ratio—percent	78.80	76.53	89.64
Taxes	$73,195,340	$82,448,420	$35,612,089
Net railway oper. income before charges	$58,409,688	$72,782,112	$10,722,120
Net income after charges (est.)	$32,600,000	$43,600,000	$19,320,000
CONSUMERS PRICE INDEX FOR MODERATE INCOME FAMILIES IN LARGE CITIES—1935-39=100—As of May 15:			
All items	155.8	156.1	131.7
All foods	187.6	188.0	142.6
Cereals and bakery products	154.2	153.4	115.2
Meats	203.9	202.6	133.5
Dairy products	171.5	178.9	138.6
Eggs	178.9	176.3	140.3
Fruits and vegetables	207.0	200.4	185.7
Beverages	188.9	189.5	125.4
Fats and oils	200.5	227.8	126.1
Sugar and sweets	179.3	179.3	135.9
Clothing	184.4	184.6	155.7
Rent	109.2	109.0	----
Fuel, electricity and ice	117.6	118.4	110.3
Gas and electricity	92.4	92.5	92.2
Other fuels and ice	142.2	143.7	127.8
Housefurnishings	181.6	182.4	153.7
Miscellaneous	138.7	139.1	127.2
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales—month of April	17,664,962,000	17,771,930,000	15,233,420,000
Revenue from ultimate customers—month of April	$310,762,400	$313,073,500	$278,447,400
No. of ultimate customers as of April 30	36,794,388	36,590,165	34,715,611
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR: Month of April:			
Estimated number of production workers in manufacturing industries—			
All manufacturing	12,523,000	12,614,000	11,347,000
Durable goods	6,526,000	6,532,000	5,629,000
Nondurable goods	5,997,000	6,082,000	5,718,000
Employment indexes—			
All manufacturing	152.9	154.0	138.5
Durable goods	180.7	180.9	155.9
Nondurable goods	130.9	132.8	124.8
Payroll indexes—			
All manufacturing	310.4	313.9	254.8
Durable goods	350.2	350.2	275.7
Nondurable goods	271.5	278.3	234.4
PORTLAND CEMENT (BUREAU OF MINES)—Finished Cement—Month of April:			
Production (bbls.)	14,566,000	14,205,000	12,650,000
Shipment (bbls.)	15,414,000	12,133,000	15,369,000
Stocks (at end of month) (bbls.)	21,330,000	*22,178,000	15,974,000
Capacity used	74%	*69%	64%
PRICES RECEIVED BY FARMERS—INDEX NUMBER—U. S. DEPT. OF AGRICULTURE—August 1909-July 1914=100— As of June 15:			
Unadjusted—			
All farm products	271	272	218
Crops	262	268	223
Food grain	253	276	200
Feed grain and hay	240	218	195
Feed grain	272	241	216
Tobacco	390	390	370
Cotton	275	270	210
Fruit	228	222	261
Truck crops	215	286	185
Oil-bearing crops	318	326	219
Livestock and products	278	275	213
Meat animals	338	327	230
Dairy products	233	241	207
Poultry and eggs	205	203	178
Seasonally adjusted:			
Fruit	205	208	231
Truck crops	229	268	199
Dairy products	255	260	227
Poultry and eggs	219	223	194
RETAIL FOOD PRICE INDEX IN LARGE CITIES—U. S. DEPT. OF LABOR—1935-1939=100—As of May 15:			
All foods	187.6	188.0	142.6
Cereals and bakery products	154.2	153.4	115.2
Meats	203.9	202.6	133.5
Beef and veal	197.1	194.6	120.9
Pork	204.2	203.5	114.0
Lamb	209.6	206.5	138.7
Chickens	179.6	177.1	161.5
Fish, fresh and canned	255.1	261.0	218.3
Dairy products	171.5	178.9	138.6
Eggs	178.9	176.3	140.3
Fruits and vegetables	207.0	200.4	185.7
Fresh	209.5	200.7	199.6
Canned	172.3	172.6	127.8
Dried	268.1	269.7	171.9
Beverages	188.9	189.5	125.4
Fats and oils	200.5	227.8	126.1
Sugar and sweets	179.3	179.3	135.9

*Revised figure.

No Immediate "Dollar Crisis"

(Continued from page 8)

sources, the International Monetary Fund and the International Bank, have no more than begun their operations.

Mr. Hoover estimated the "unexpended balances of appropriations and various credit commitments to foreign nations" on July 1, 1947, at over $5 billion, to which should be added private loans and gifts of perhaps $1 billion in the next year and unknown further credits to be extended by the International Bank and Fund. The full potential of money so far unused under existing programs runs to at least $12 billion as indicated in the following table:

Potential Supply of Additional Dollars Under Existing Programs
(In Millions of Dollars)

	Available or Potentially Available	Funds Drawn Through June, 1947	Unutilized
U. S. Government Lending			
Export-Import Bank loans	3,500	1,770	1,730
Lend-lease "pipeline" credits	1,500	1,250	(a)
Surplus property credits	1,150	900	250
Ship sales credits	210	110	100
Loan to United Kingdom	3,750	2,050	1,700
Monetary stabilization credits	287	9(b)	278
International Institutional Lending			
International Bank	3,266(c)	100	3,166
International Fund	3,500(d)	58	3,442
U. S. Government Relief and Special Aid			
U. N. R. R. A.	2,700(e)	2,700	----
Post-U. N. R. R. A. relief	350	----	350
Relief in occupied areas	1,645	1,000(e)	645(f)
Greek-Turkish aid	400	----	400
Philippine aid program	695	170(g)	525
Int'l Refugee Organization	74	----	74
Grand Total	23,027	10,117	12,660

(a) Shipments held up, balance not likely to be utilized; (b) As of March 31, 1947; (c) The U. S. capital subscription of $3,175 million plus dollars paid in by other countries through March 31, 1947. The authorized lending power of the Bank is $8 billion; (d) The U. S. quota contribution of $2,750 million plus gold paid in by other countries, partly estimated; (e) Estimated approximate cost; (f) Estimated expenditures in the President's budget for the fiscal year ending June 30, 1948; (g) $100 million made available in surplus materials.

Sources: Assembled from miscellaneous sources including Export-Import Bank reports, Daily Statement of the U. S. Tresaury, Treasury Bulletin, Survey of Current Business, reports of the International Bank, Budget for the fiscal year ending June 30, 1948, etc.

Aldrich Reports on Europe's Economy

(Continued from page 4)

"Whether or not these particular purposes are implicit in Secretary Marshall's speech, I believe that it is proper to interpret his words as meaning that if a workable plan for the reconstruction of Europe as a whole can be devised through the efforts of Great Britain and the European nations themselves, the United States, to the extent that it is able to do so, will assist by financial aid in making that plan effective.

"It is difficult to exaggerate the importance of the Harvard address. Europe has been given new hope, which a few weeks ago did not exist, of a successful outcome of its present difficulties. We must all most earnesly trust that there will now be forthcoming a plan which will be of such character that the American people, through Congress, will support it financially to the full extent which will be necessary to make it successful. To do so will be of vital importance, not only for Europe, but for the United States, itself, and for the rest of the world."

DIVIDEND NOTICES

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

Pay no heed to those multi-billion dollar estimates of foreign rehabilitation needs being bandied about. Actually, they're happy-go-lucky guesses. Yours is as sound as mine. Neither is shored up by knowledge. Plain fact is that nobody—inside or outside government—yet has any faint idea of what we're to be called upon in the way of foreign gifts and credits next year.

* * *

Right now Federal economists are trying to pare away the bur and get at the meat of this chestnut. They're sifting facts on (1) which nations require and shall receive rehabilitation aid; (2) what and how much each nation needs; (3) what these add up to. They won't guess the total and your only safe wager is that it will snowball to billions.

* * *

Interlocked with foreign rehabilitation is our too favorable trade balance of exports over imports. That has to be—will be—considered when we divvy rehabilitation dollars and commodities.

* * *

Here's the general export-import mosaic for 1946: exports $15 billion, imports $7 billion, leaving a gap of $8 billion. And here's how foreign nations financed that $8 billion dollars worth of American goods which they acquired in excess of their sales to the U. S.; $3 billion through U. S. grants, $3 billion through U. S. credits, $2 billion through their gold holdings and liquidation of their U. S. dollars.

* * *

Now look at our estimated 1947 export-import pattern: exports $19 billion, imports $8 billion, leaving a gap of $11 billion. How are foreign debtors financing this gap? Here's what our economists say: $2½ billion through U. S. grants, $5 billion through U. S. credit, $3½ billion through liquidation of their gold holdings and U. S. dollars.

* * *

Liquidation of that $3½ billion in dollars and gold is to be an economic strain, is to leave foreign countries largely squeezed dry of available dollars and gold. That's why you must expect billions in U. S. dollars — still in undetermined number—to be exported abroad in gifts and credits. Big question is when government will be ready to tell Congress how many billions.

* * *

But mark this down for recollection: the sanest economists in government have no hope—absolutely no hope — of long maintaining U. S. exports at current cosmic levels.

* * *

And speaking of exports, the Office of International Trade has finally sewed a button on its pocket after the wallet was lifted. On June 30 OIT placed boxcars under export controls. That was just four days after this column reported how congressional snoopers learned one U. S. company had shipped 3,600 new freight cars to Russia in the past three months.

* * *

Don't be hopeful—or indignant —but Pennsylvania's Republican Representative McGarvey wants Congress to investigate the Federal Reserve Board and its Chairman Eccles. Mr. McGarvey opines that . . . "The activities of the Federal Reserve Board and more particularly the activities of its Chairman could well be investigated by Congress. I am sure that an inquiry would provide some interesting and conclusive results."

* * *

Typewriter manufacturers have lost their bid for elimination of price ceilings on machines bought by the government. Why? Because one leading manufacturer finally agreed to let Washington have a large number of standards at the fixed figure. Demolition of the ceilings had been OK'd by the Senate, had substantial House backing until that deal went through.

* * *

Importers are about to get a break from Congress. The House has passed—so will the Senate—legislation empowering the Secretary of Treasury to fix daily an exchange rate in assessing duties on imports that would be between the highest and lowest current rate as certified that day by the Federal Reserve Bank of New York.

* * *

If you're a chartist you'll want Federal Reserve Board's newest publication titled "Federal Reserve Charts on Bank Credit, Money, Rates, and Business." It presents 88 pages of charts with explanatory notations, is monthly, sells for $9 yearly.

* * *

Bank holding company regulation still looks unlikely. It's making headway in the Senate, may ease through that body, will shoal down in the House.

* * *

But there's a good chance Congress may give the nod to Federal Reserve Bank branch construction, ended during the war.

* * *

The new Taft-Hartley labor law calls for a joint Senate-House commission to keep an eye on developments. Watch for appointment of that unit. The personnel will be important, will be in a position to spotlight those commando labor leaders who try to sabotage this management-labor charter.

* * *

U. S. Tariff Commission claims it has worked out a quota system that protects our watch and clock industry from destructive Swiss imports. The Commission says annual imports of 7,750,000 units aren't harmful, maintains the Swiss are respecting this quota, shipped in only 7.7 million units in 1945, 7.4 million in 1946, and 1,644,000 in the first quarter of 1947. The Senate and House committees which write tariff laws asked for the Commission report, will have something to say about it when the reciprocal trade law comes up for re-enactment next year.

* * *

Federal bank supervisory agencies have been thrown into hubbub by suggestions they be subjected to budgetary control. They now function without budgetary restrictions, but talk is tossed about among congressional appropriators that they should be harnessed even as other Federal agencies. Such reform won't get beyond discussion stage this session.

* * *

There's to be no postage increase this year. Thank the Republicans. They blandly insist a congressional probe of the Post Office Department's deficit should preface any postal hike, are to get by with these delaying tactics, are to save a large hunk of dough for business in general, mail order houses in particular. They can still mail your catalogue at the prevailing rate.

* * *

Don't write off yet the possibility RFC may continue to serve as a secondary market for GI insured mortgages. Congress last week deprived RFC of the right to buy such paper after hearing reports private lenders were dumping the GI obligations. That's not finis. Potent House men—and women—are clamoring for revival of this authority, won't subside until the adjournment gavel bangs.

* * *

Give big odds if you care to on the imminent passing of Regulation W into New Deal history. There's a long chance the Senate may OK its continuation. There's no chance the House will. That means W will be written off the law books shortly after Congress quits, maybe before. Even Federal Reserve Chairman Eccles knows he can't win on this one.

* * *

They never do things in a hurry at the Federal Trade Commission, and President Truman seems not to mind. He has just reappointed Commissioner William A. Ayers to another seven-year term. He's 80 now, will be 87 before expiration of his new hitch. The venerable gentleman served in Congress 20 years before retiring to FTC complacency.

* * *

Government deflationists regret the Social Security old age assistance tax is to be frozen at 1% on employer and employee. They had reasoned the scheduled hike to 2½% next Jan. 1 would help absorb buying power, help bring prices down, help curb inflation. It's notable that President Truman would have none of their theory, refused to carry their fight to Congress.

* * *

You'll continue to operate on a 50% cash margin requirement unless Congress rules to the contrary. And Congress won't this session. Federal Reserve Chairman Eccles is in no mood to lower this hurdle, is rather disposed to raise it.

* * *

July Federal Reserve Bulletin will carry part two of the Reserve Board's study of consumer finances, dealing with liquid asset holdings, income, and income tendencies.

* * *

Congress is set to hike the nation's minimum hourly wage from 40 to 65 cents.

One Would, the Other Would Not?

"As originally passed by the Senate, the bill (the proposed Wool Act of 1947) directed the Commodity Credit Corporation to continue until the end of 1948 to support prices to domestic producers of wool at not less than 1946 levels. It further authorized the Commodity Credit Corporation to sell wool held by it at market prices.

President Truman

"I have no objection to these provisions.

"As passed by the House, the bill carried an amendment intended to increase the tariff on wool through the imposition of import fees. This was done to provide a means of increasing the domestic market price of wool to approximately the support price, thus shifting the cost of the support from the Treasury to the consumers of wool products. The prices of these products are already high.

* * *

"The enactment of a law providing for additional barriers to the importation of wool at the very moment when this government is taking the leading part in a United Nations Conference at Geneva called for the purpose of reducing trade barriers and of drafting a charter for an international trade organization in an effort to restore the world to economic peace would be a tragic mistake. It would be a blow to our leadership in world affairs. It would be interpreted around the world as a first step on that same road to economic isolationism down to which we and other countries traveled after the First World War with such disastrous consequences.

* * *

"A bill based on the general principles and policy of the original Senate bill would be acceptable to me."—President Truman.

* * *

How can the President be so sure that one of these measures would and the other would not have the untoward effects described by him?

Joseph Klein & Co. Formed in NYC

Benjamin Klein, Joseph Klein and Morris Klein announce formation of the co-partnership of Joseph Klein & Co., to transact a general brokerage business in cotton, commodities and grain. The firm will maintain offices at 67 Wall Street, New York. Joseph Klein was formerly resident partner in the New York office of Faroll & Co.

Firm Name Now Is Hoit, Rose & Company

Howard S. Hoit, Thomas C. Brown and Eugene L. G. Grabenstatter announce that the firm name of Hoit, Rose & Troster has been changed to Hoit, Rose & Company. Offices of the firm are at 74 Trinity Place, New York City.

Joins Capital Securities

Special to THE FINANCIAL CHRONICLE

OAKLAND, CALIF. — Andrew G. Barnes has become affiliated with Capital Securities Co., 2038 Broadway.

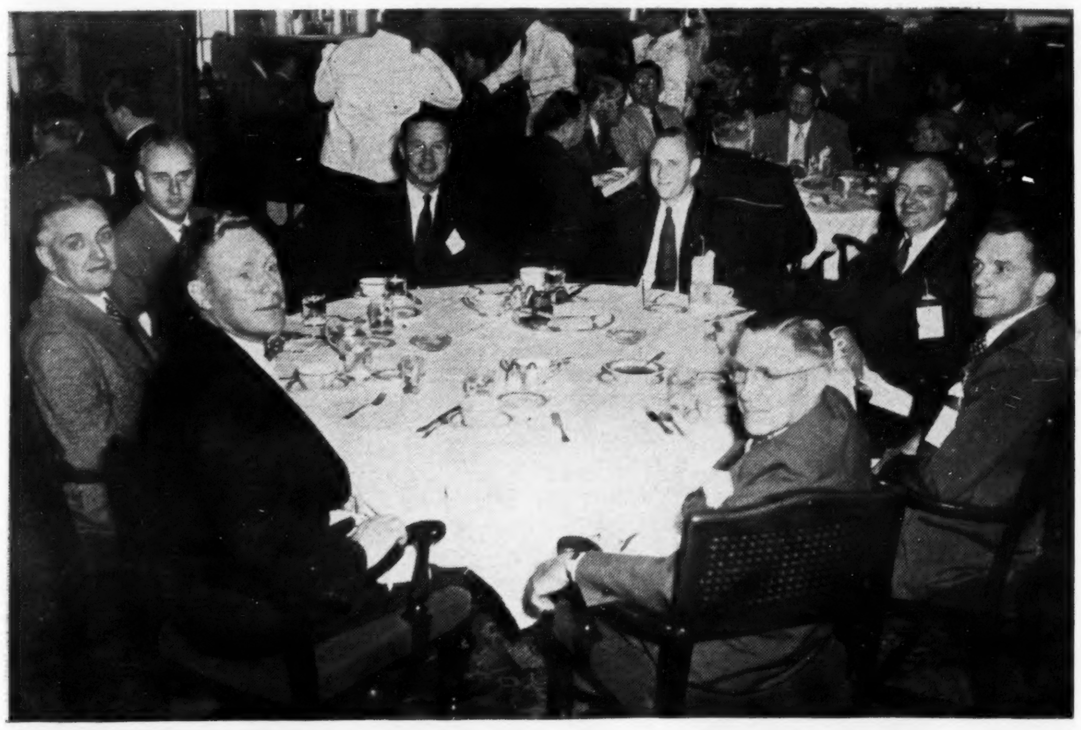
Maloney & Meyer Add

Special to THE FINANCIAL CHRONICLE

LOS ANGELES, CALIF.—Maloney & Meyer, Inc., 650 South Spring Street, have added Martin E. McGarry to their staff.

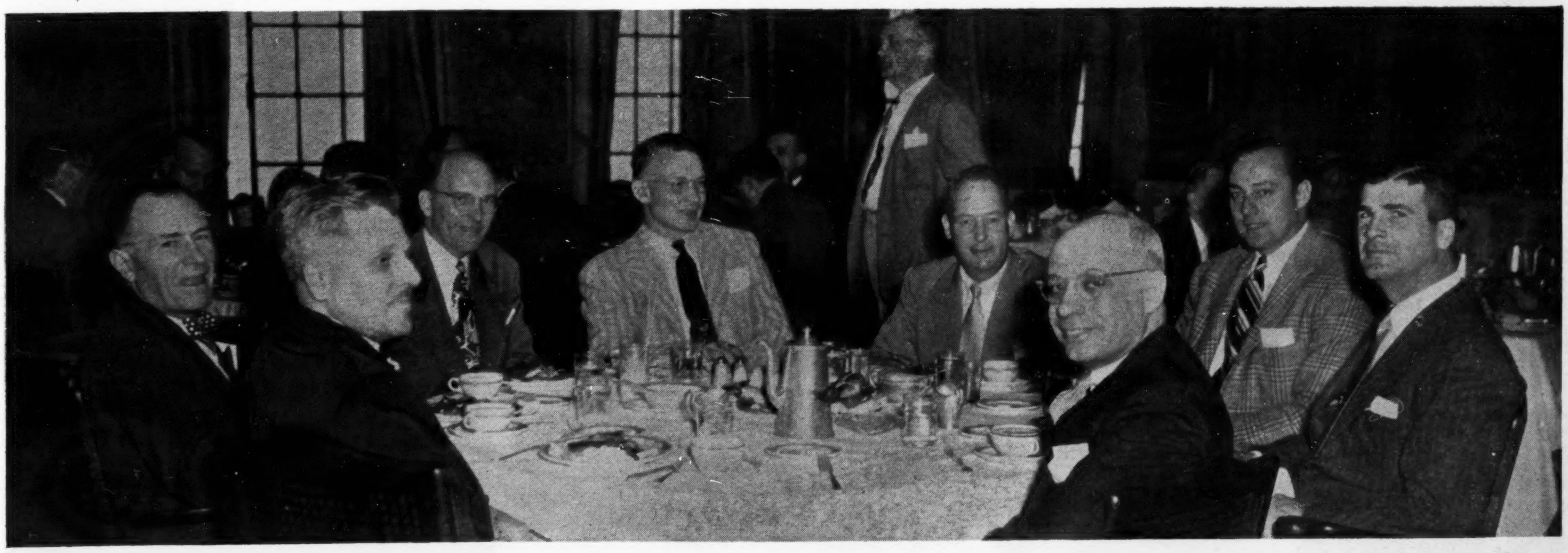
Bond Club of Cleveland

(Clockwise around the table starting at the lower left): Herman Sheedy, *McDonald & Co.;* Orin Koeser, *Blyth & Co.;* Ray Lamb, *Merrill Lynch, Pierce, Fenner & Beane;* Lester Powers, *Dominick & Dominick*, New York; Walter Carleton, *Fahey, Clark & Co.*, President of the Bond Club of Cleveland; J. Emerson Thors, *Kuhn, Loeb & Co.*, New York; Eldon Keller, *McDonald & Co.;* Claude Turben, *Merrill, Turben & Co.*



(Clockwise around the table starting at the lower left): Myron Ratcliffe, *Lehman Bros.*, New York; Joseph Ludin, *Dillon, Read & Co.;* Frank Reid, *Maynard H. Murch & Co.;* Earl K. Bassett, *W. E. Hutton & Co.;* H. L. Bogert, Jr., *Eastman, Dillon & Co.*, New York; Elmer Dieckman, *Glore, Forgan & Co.*, New York; James Lee, *Lee Higginson Corp.*, New York; W. C. Handyside, *Maynard H. Murch & Co.*

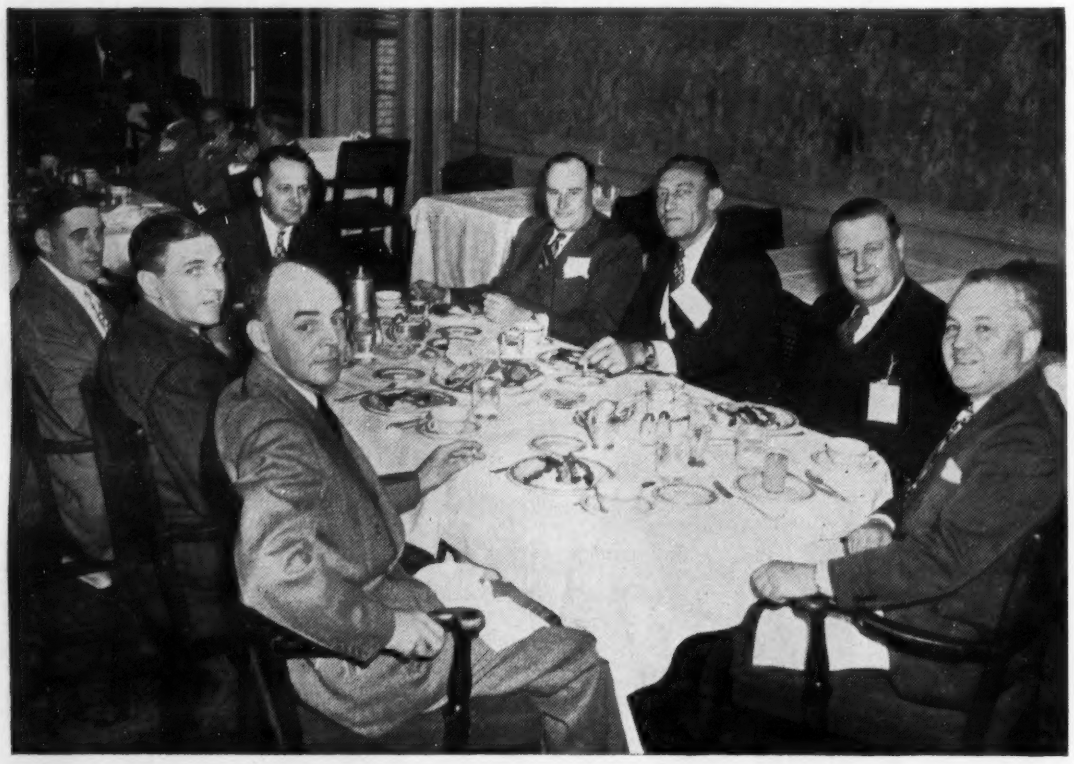
(Clockwise around the table starting at the lower left): Douglas Hansel, *Wertheim & Co.*, New York; Douglas Handyside, *H. L. Emerson & Co.;* Brainard Whitbeck, *First Boston Corp.*, New York; David Field, *First Boston Corp.;* Clarence Davis, *First Cleveland Corp.;* George Murnane, Jr., *Lazard Freres & Co.*, New York; John Clark, *Fahey, Clark & Co.;* Paul Eakin, *Hornblower & Weeks;* Scott Cluett, *Harriman Ripley & Co.*, New York; L. J. Fahey, *Fahey, Clark & Co.*



(Clockwise around the table starting at the lower left): Nelson Ginther, *Ginther & Co.;* Roderick A. Gillis, *Wood, Gillis & Co.;* Edward E. Parsons, Jr., *Wm. J. Mericka & Co.;* C. J. Odenweller, *Securities & Exchange Commission;* John Hay, *Merrill, Turben & Co.;* Peter Hallaran, *Merrill, Turben & Co.;* James Knowles, *Drexel & Co.;* Rufus Ullman, *Ullman & Co., Inc.*

Silver Anniversary Celebration

Jay L. Quigley, *Quigley & Co., Inc.;* E. W. McNelly, *Union Bank of Commerce;* R. C. Herlihy, *Wm. J. Mericka & Co.;* Corwin L. Liston, *Prescott & Co.;* Carl H. Doerge, *Wm. J. Mericka & Co.;* William S. Gray, *Wm. J. Mericka & Co.;* Frederick M. Asbeck, *Wm. J. Mericka & Co.*

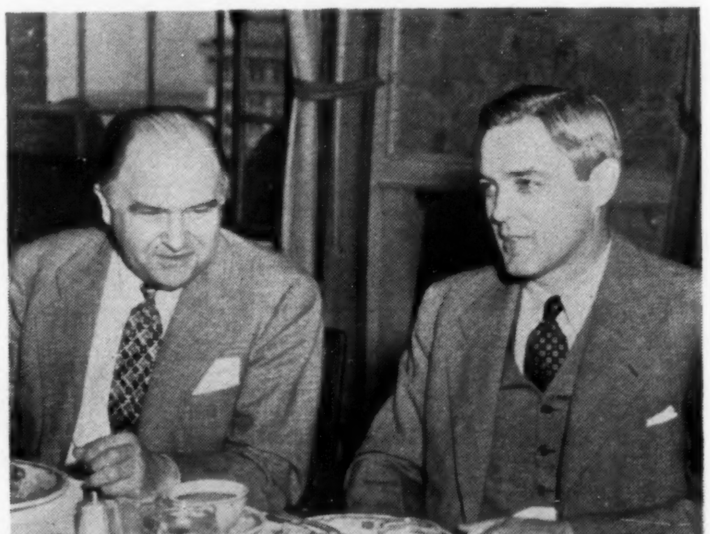


(Clockwise around the table starting at the lower left): Byron Mitchell, *C. F. Childs & Co.;* Paul Bowden, *Ball, Burge & Kraus;* Dana Baxter, *Hayden, Miller & Co.;* Fred Hudson, *Ball, Burge & Kraus;* John Burge, *Ball, Burge & Kraus;* Russell Lea, *Reynolds & Co.;* Chas. Hazelwood, *E. H. Rollins & Sons, Inc.*, New York; Lawrence W. Simon, *Blair & Co., Inc.*

(Left to right): Edward Glassmeyer, Jr., *Blyth & Co.;* A. M. Newton, *Hayden, Miller & Co.;* Robert Shepard, *Hawley, Shepard & Co.;* F. Dewey Everett, *Hornblower & Weeks*, New York; Rudford Wilson, *Curtiss, House & Co.;* Frank Mead, *Halsey, Stuart & Co.;* Harry Kraus, *Ball, Burge & Kraus*

Jay L. Quigley, *Quigley & Co., Inc.;* William Clark, *Merrill, Turben & Co.*

(Left to right): Harry Kraus, *Ball, Burge & Kraus;* Herman Joseph, *Skall, Joseph, Miller & Co.*

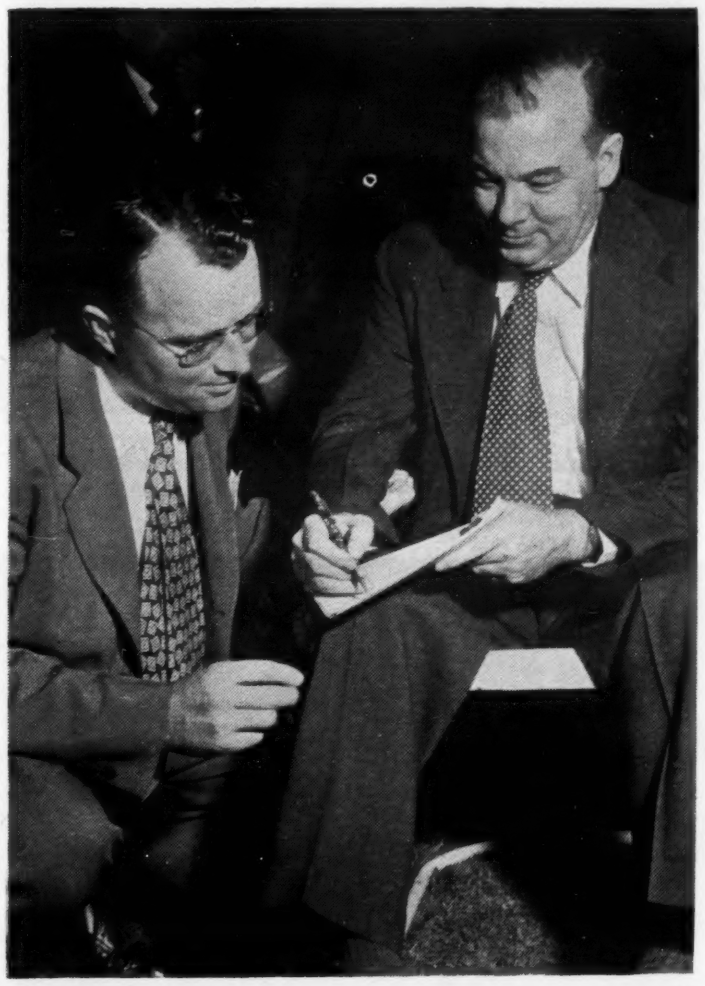


(Left to right): Galen Miller, *Hayden, Miller & Co.;* Robert Blyth, *National City Bank of Cleveland*

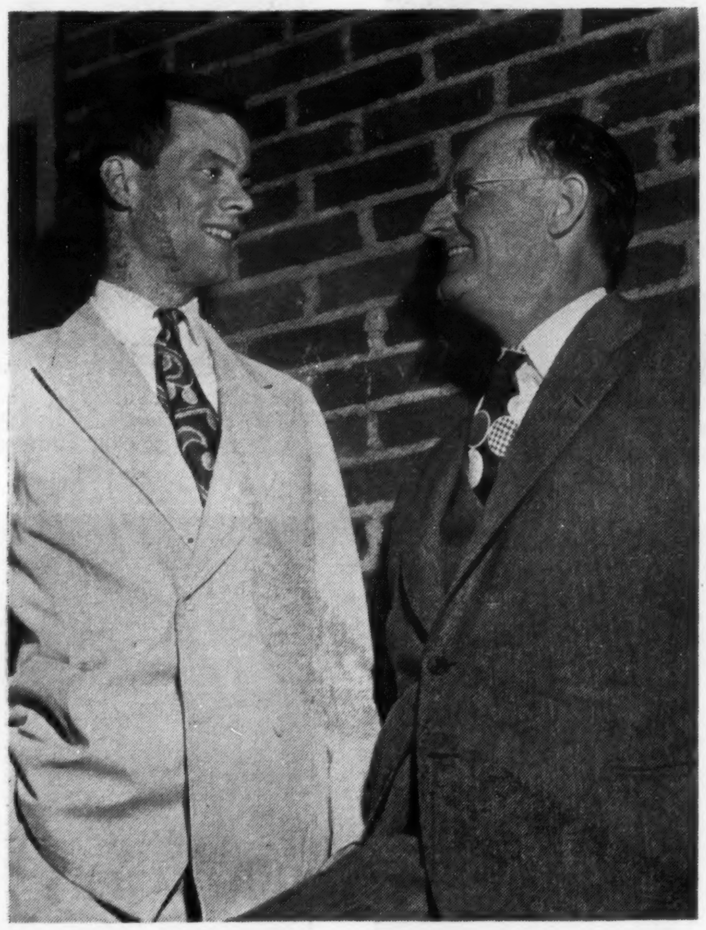
Bond Club of Toledo

Lud Strader, *Scott, Horner & Mason*, Lynchburg, Va.; Franklin *Schroeder, Braun, Bosworth & Co.*, Toledo; Larry A. Higgins, *Hulburd, Warren & Chandler*, Chicago

Carl Doerge, *Wm. J. Mericka & Co.*, Cleveland; John P. Chapla, *Paine, Webber, Jackson & Curtis*, Cleveland; Jack Kuenhold, Jr., *Paine, Webber, Jackson & Curtis*, Cleveland; Wm. G. Sutherland, *Ryan, Sutherland & Co.*, Toledo; Bob Davider, *Nelson, Browning & Co.*, Cleveland



Franklin Schroeder, *Braun, Bosworth & Co.*, Toledo; Warren D. Williams, *Ryan, Sutherland & Co.*, Toledo



Burt T. Ryan, Jr., *Ryan, Sutherland & Co.*, Toledo; Burt T. Ryan, Sr., *Ryan Sutherland & Co.*, Toledo

Willard I. Webb, Jr., *Ohio Citizens Trust Co.;* John H. Rohr, *Toledo Trust Co.*, Toledo

Ward Ashman, *Public School Employees Retirement System*, Columbus; W. A. McDowell, *Ohio Municipal Advisory Council*, Cleveland; H. B. Mahon, Jr., *First Cleveland Corporation*, Cleveland

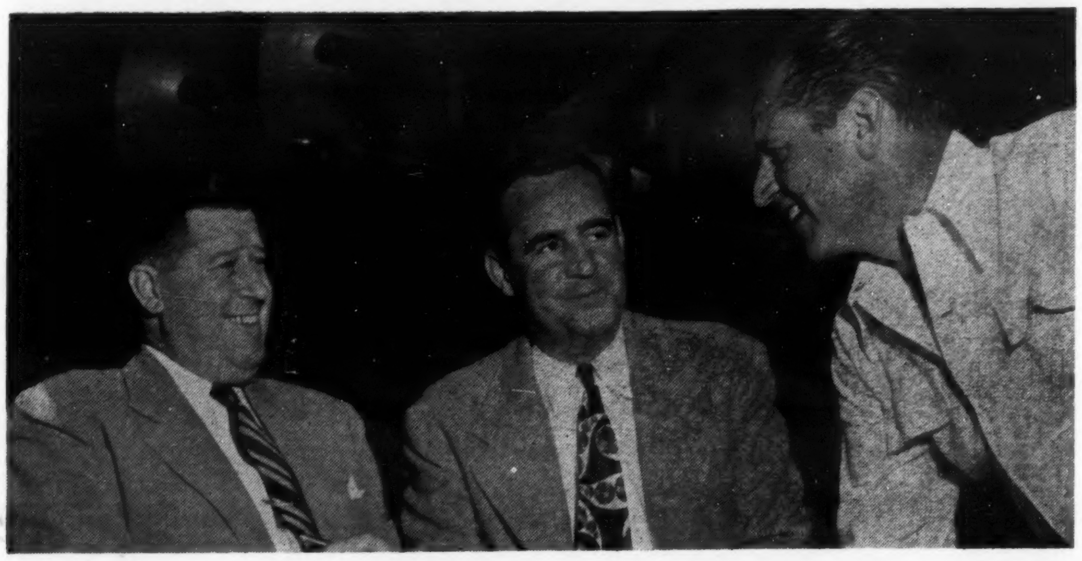
Celian H. Rorick, *The Spitzer-Rorick Trust & Savings Bank*, Toledo; Marvin H. Rorick, *The Spitzer-Rorick Trust & Savings Bank*, Toledo

Annual Summer Outing

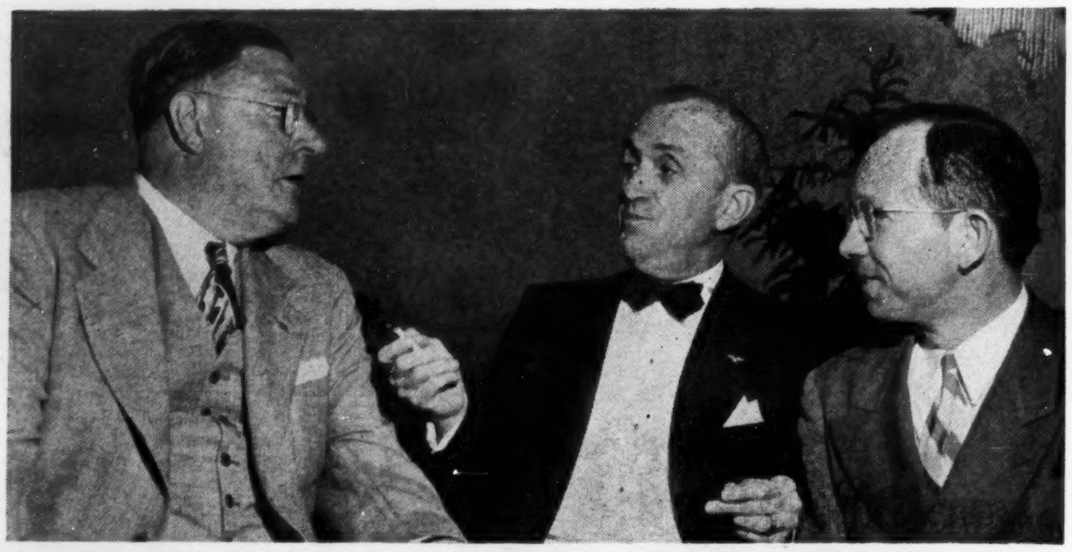
George Kountz, *J. A. White & Co.*, Cincinnati; H. J. Hoermann, *The Provident Savings Bank & Trust Co.*, Cincinnati; Carl Mittendorf, *The Weil, Roth & Irving Co.*, Cincinnati; Bob Isphording, *Van Lahr, Doll & Isphording, Cincinnati*

George Martin, *Martin, Burns & Corbett*, Chicago; Charles Frye, *Chicago Journal of Commerce*, Chicago; Dudley C. Smith, *Investment Bankers Ass'n.*, Chicago; Nate Sharp, *R. S. Dickson & Co.*, Chicago

Gilbert Hattier, Jr., *White, Hattier & Sanford*, New Orleans; J. W. Kingsbury, *Kingsbury & Alvis*, New Orleans; C. W. Waterfield, *Cumberland Securities Corp.*, Nashville; Ed. Horner, *Scott, Horner & Mason*, Lynchburg



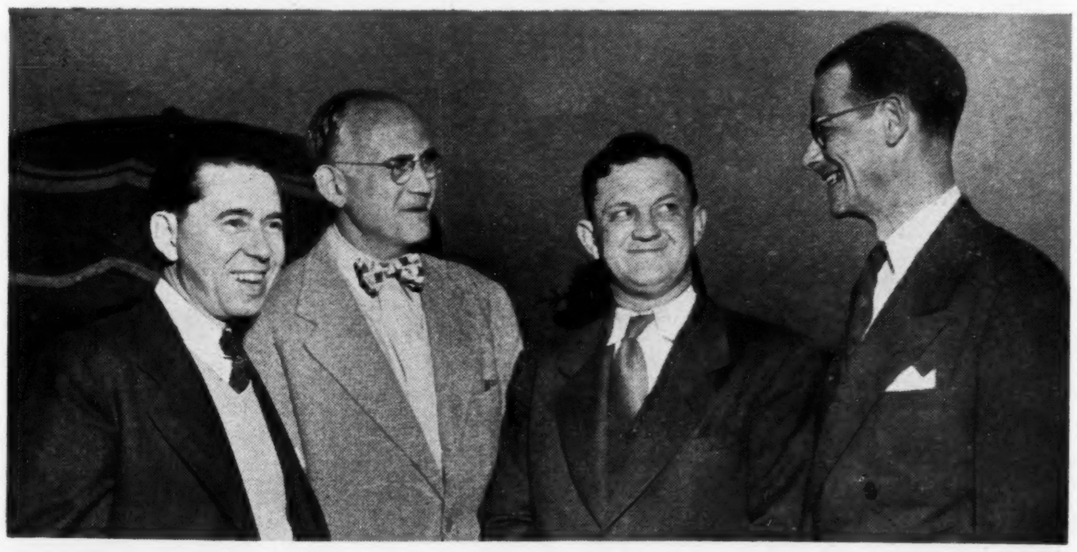
Clarence Davis, *First Cleveland Corporation*, Cleveland; W. C. Lyklema, *A. C. Allyn & Co.*, Chicago; Emil Legros, *First Cleveland Corporation*, Cleveland



Carl Bargmann, *Braun, Bosworth & Co.*, Toledo; Jay L. Quigley, *Quigley & Co.*, Cleveland; Fred Schneider, *Public Employees Retirement System*, Columbus

Don Dresser, *The Toledo Trust Co.*, Toledo; Wade Eley, *The Toledo Trust Co.*, Toledo; Norman Fields, *Braun, Bosworth & Co.*, Toledo

Jerome Kahn, *Breed & Harrison*, Cincinnati; George Blauevelt, *National City Bank*, Cleveland; Wm. H. Clark, *Merrill, Turben & Co.*, Cleveland; John P. Chapla, *Paine, Webber, Jackson & Curtis*, Cleveland; Bill Watterson, *Fahey, Clark & Co.*, Cleveland



Ray Olson, *Stranahan, Harris & Co.*, Toledo; John A. Straley, *Hugh M. Long & Co.*, New York; Carroll Little, *C. H. Little & Co.*, Jackson, Tenn.; Morton Cayne, *Cayne Robbins & Co.*, Cleveland

Held June 20th at Inverness Club

W. C. Draper, *The Toledo Trust Co.*, Toledo; Wade Eley, *The Toledo Trust Co.*, Toledo; S. J. Balog, *The Toledo Trust Co.*, Toledo; Don Dresser, *The Toledo Trust Co.*, Toledo

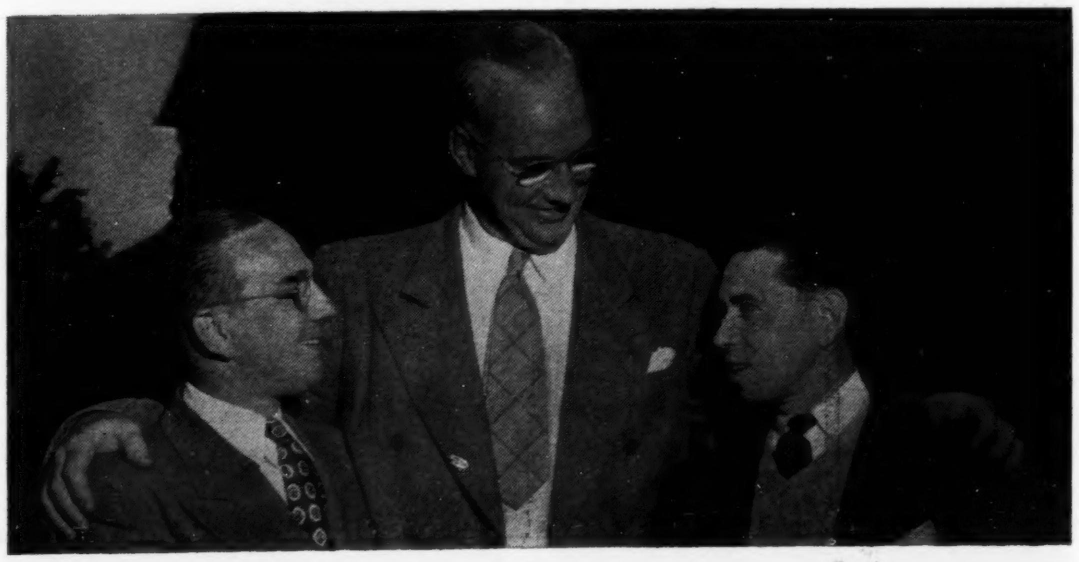
W. S. Morrison, *Harris Trust & Savings Bank*, Chicago; William Moore, *McDonald-Moore & Co.*, Detroit; Franklin Schroeder, *Braun, Bosworth & Co.*, Toledo; Ray Condon, *B. J. Van Ingen & Co.*, Chicago

Fred Schultz, *M. B. Vick & Co.*, Chicago; Ed Legros, *First Cleveland Corporation*, Cleveland; Blair A. Phillips, Jr., *The White-Phillips Co.*, Davenport, Iowa; Tom Ray, *Mercantile-Commerce Bank & Trust Co.*, St. Louis; Gene Frantz, *Weeden & Co.*, Chicago

Minton M. Clute, *Straus & Blosser*, Detroit; E. P. Wolfran, *Bell & Beckwith*, Toledo; C. J. Odenweller, Jr., *U. S. Securities & Exchange Commission*, Cleveland; Louis J. Reimers, *Stranahan, Harris & Co.*, Toledo; Ralph S. Longstaff, *Rogers & Tracy*, Chicago

Charles F. Conners, *Pohl & Co.*, Cincinnati; Charles Bechtel, *Watling & Lerchen & Co.*, Detroit; Wm. G. Sutherland, *Ryan, Sutherland & Co.*, Toledo; Bob Isphording, *Van Lahr, Doll & Isphording*, Cincinnati

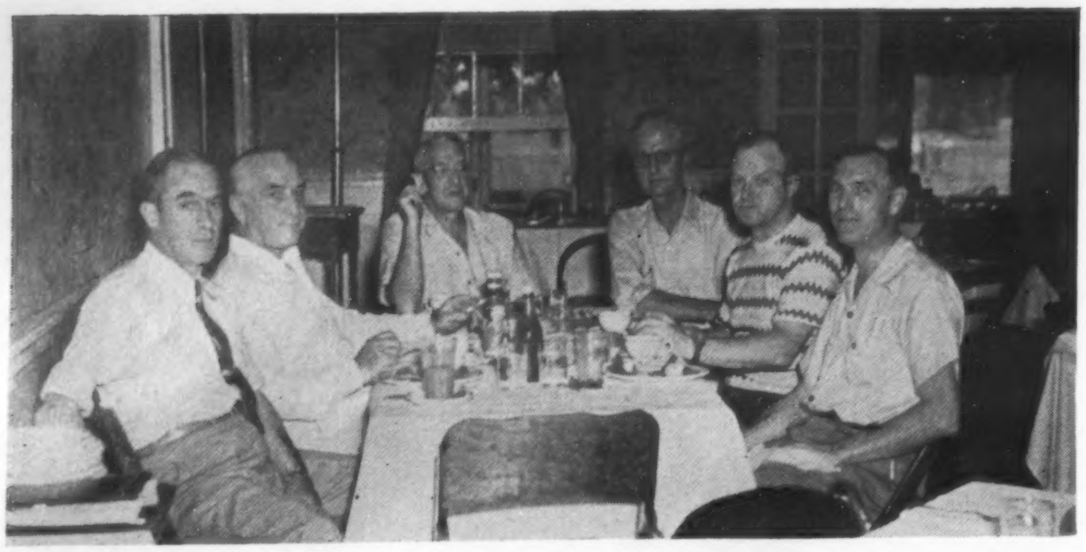
Robert J. Mikesell, *Stranahan, Harris & Co.*, Toledo; E. M. Bancroft, *Stranahan, Harris & Co.*, Toledo; Durwood DuBois, *Stranahan, Harris & Co.*, Toledo; George H. Kountz, *J. A. White & Co.*, Cincinnati



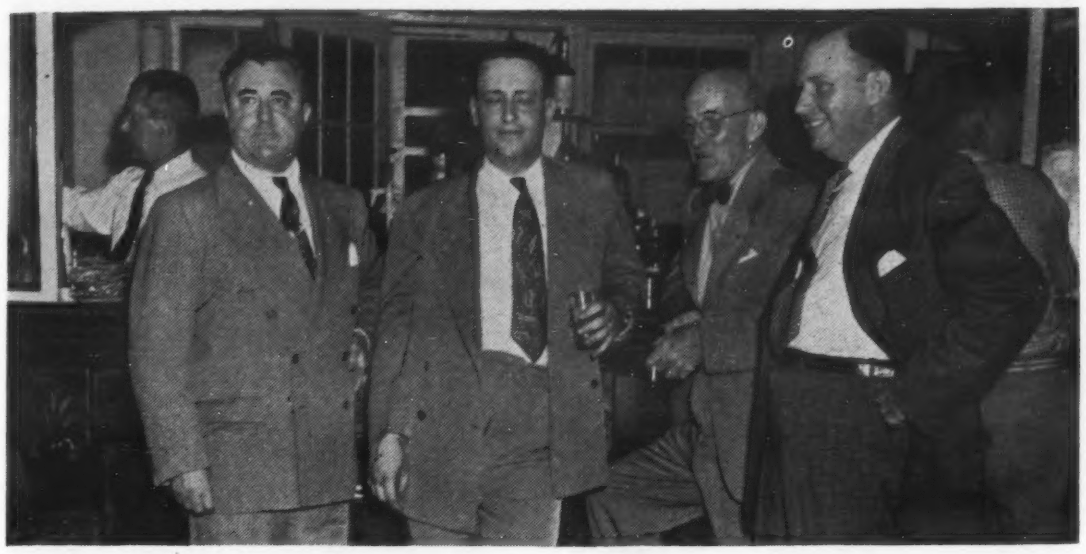
George Kountz, *J. A. White & Co.*, Cincinnati; Fred Asbeck, *Wm. J. Mericka & Co.*, Cleveland; Ray Olson, *Stranahan, Harris & Co.*, Chicago

Warren D. Williams, *Ryan, Sutherland & Co.*, Toledo; William E. Watson, *Commerce National Bank*, Toledo; Ollie Goshia, *Goshia & Co.*, Toledo

Bond Club of New Jersey

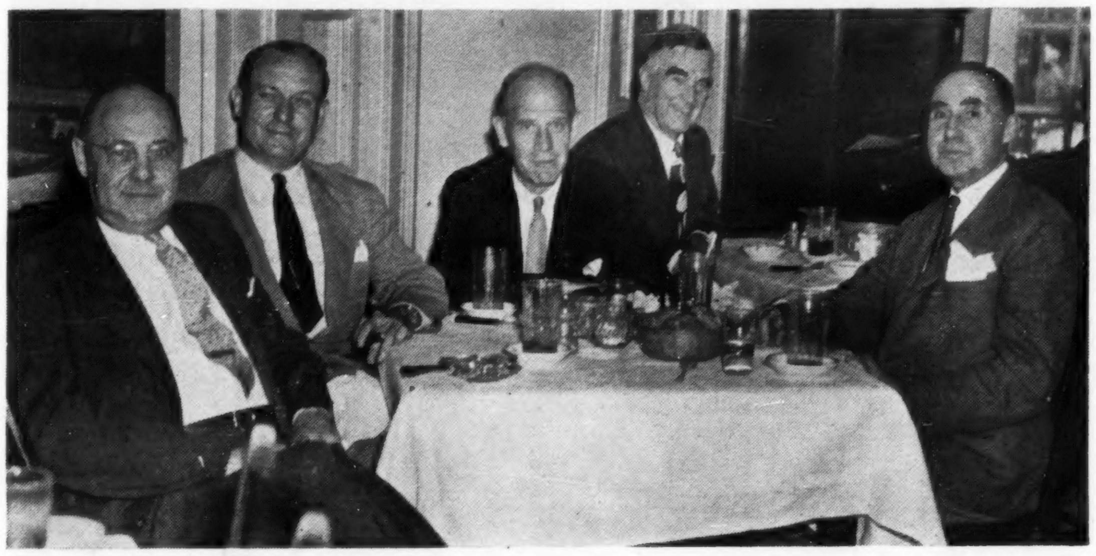


Herbert Hoehn, *Gregory & Son, Inc.*, New York City; Benjamin Fairbanks, Pres. of *U. S. Savings Bank*, Newark; W. A. Reiter, *Mutual Benefit Life Insurance Co.;* S. R. Sovereo, guest; Tom Loughlin, *U. S. Savings Bank*, Newark; Larry Souville, *Spencer Trask & Co.*, New York

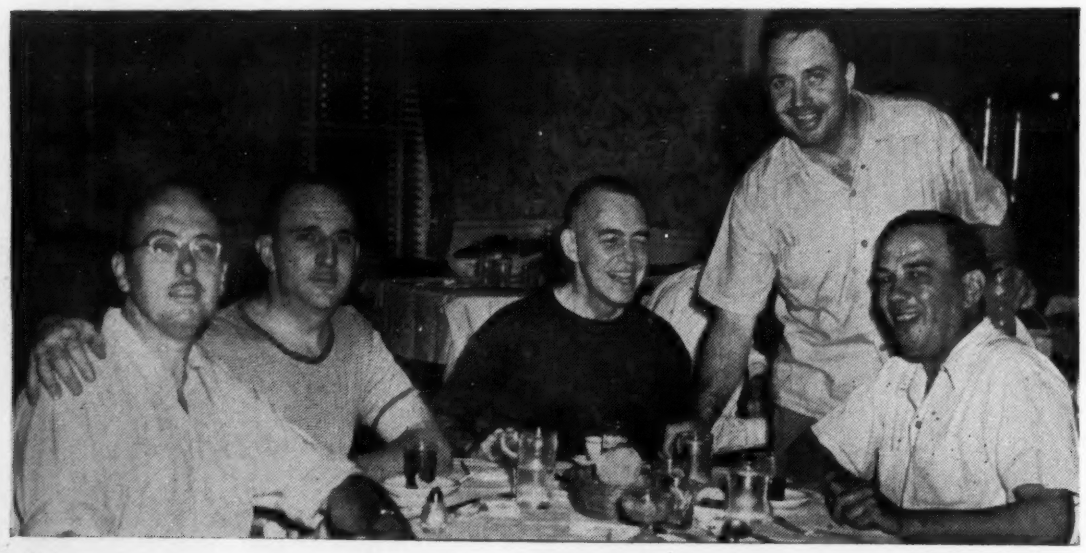


John E. Manning, *Manning, Shanley & Co.*, Newark, N. J., Collector of Internal Revenue for the State of New Jersey; Frederick Sautler, *Boland, Saffin & Co.*, New York City; Kenneth Spear, *Julius A. Rippel, Inc.*, Newark, N. J.; J. A. Leek, *Coffin & Burr, Inc.*, New York City

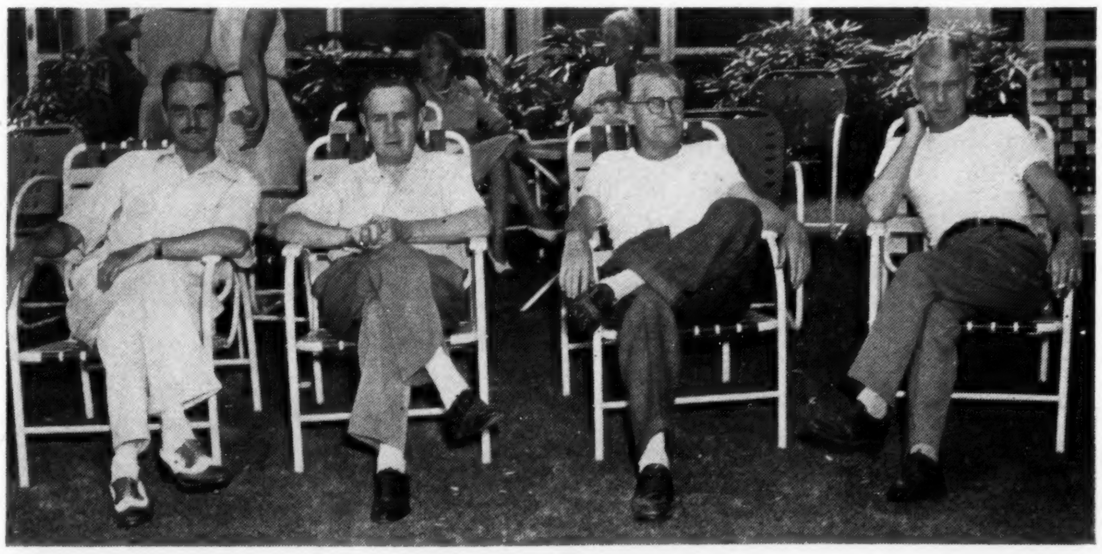
Paul Welzmiller, *C. F. Childs & Co.*, New York; Fred Brown, *White, Weld & Co.*, New York; James B. Kirk, *Harris, Upham & Co.*, New York; Irwin Ross, *South Shore Bank of Staten Island*



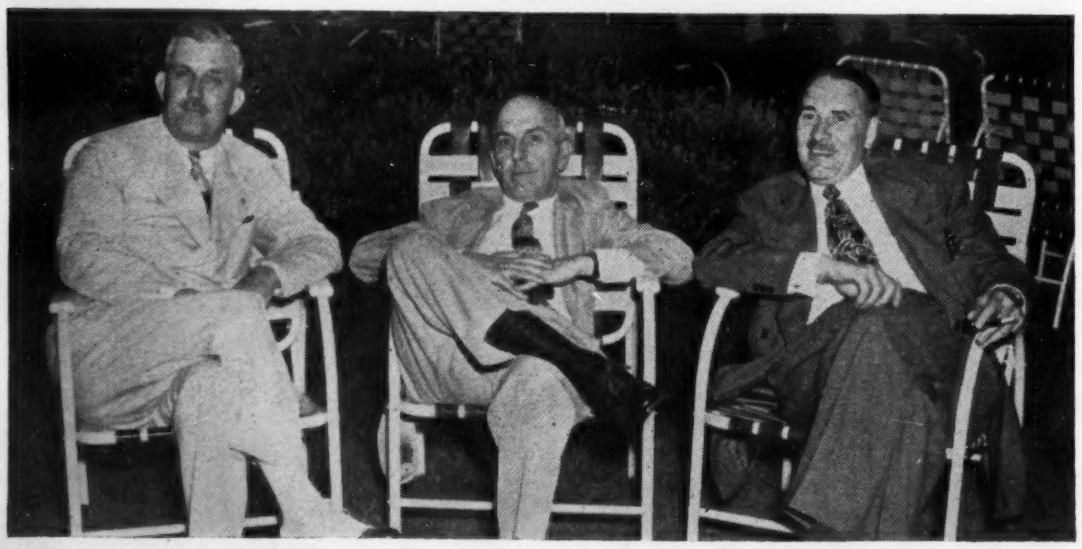
Carl Preim, *R. W. Pressprich & Co.*, New York City; Harry P. Schaub, *H. P. Schaub, Inc.;* Newark; Charles Thomas, *Keane, Taylor & Co.*, New York City; H. Prescott Wells, *Outwater & Wells*, Jersey City; Bruce Campbell, guest



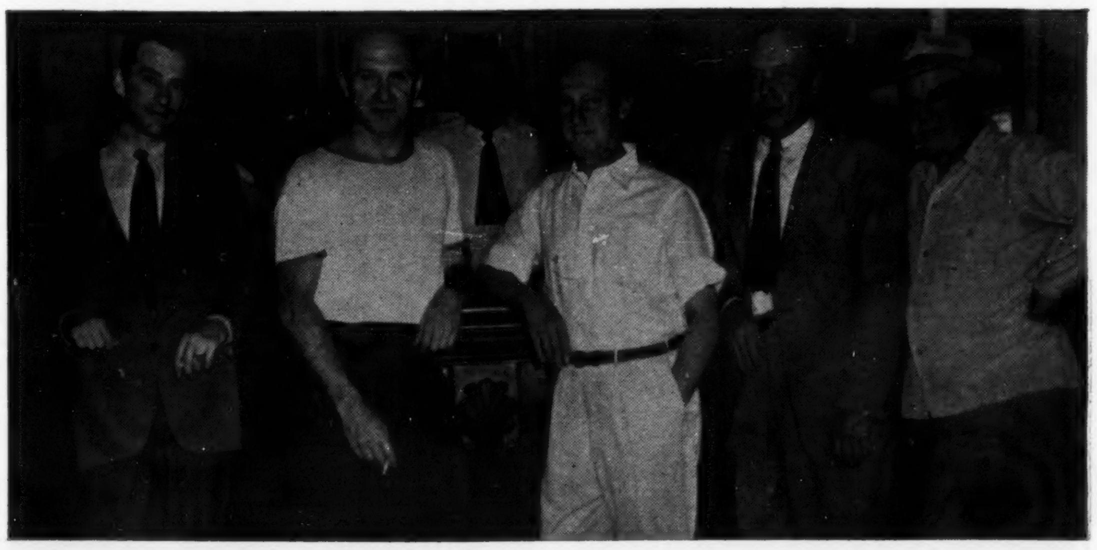
Ed. Kezer, *B. J. Van Ingen & Co.*, New York; Bill Rommel, *J. S. Rippel, Inc.*, Newark; Ed. McLaughlin, *Paine, Webber, Jackson & Curtis*, New York; Jim Musson, *B. J. Van Ingen & Co.*, New York (standing); Norton Rogers, *Rogers Gordon & Co., New York*



Jim Currie, *Troster, Currie & Summers*, New York City; Ed Purcell, *Commercial Trust Co. of New Jersey*, Newark; Harry Zimmer, *Commercial Trust Co. of New Jersey*, Newark; Chick Spring, *Outwater & Wells*, Jersey City, N. J.



E. J. Turner, *Pitney, Bowes & Co., Inc.*, Newark, N. J.; Tom Darby, *Francis I. du Pont & Co.*, Newark, N. J.; Jack Cullen, *R. W. Pressprich & Co.* New York City

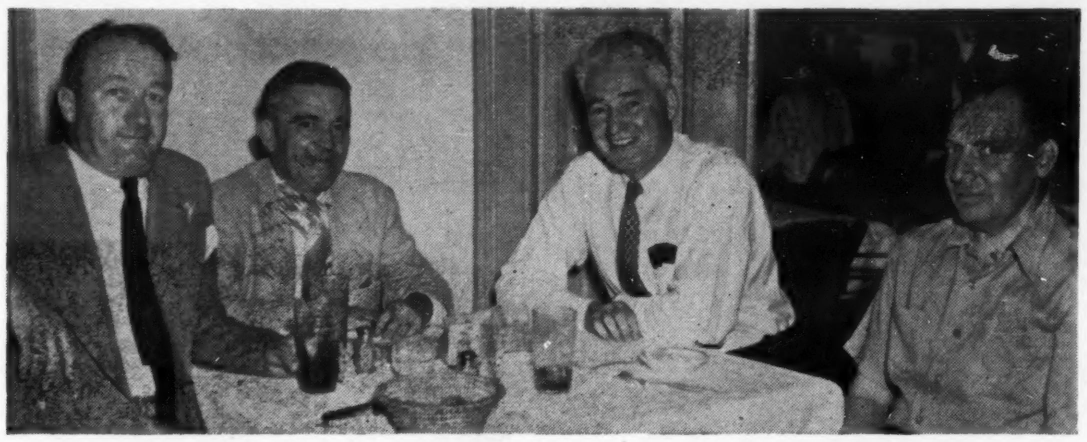


William Boland, *Boland, Saffin & Co.*, New York City; Cortlandt Parker, *R. W. Pressprich & Co.*, New York City; Edward Fishwick, *Mutual Benefit Life Insurance Co.;* J. Ashley Brown, Newark, guest; W. H. Campbell, *Campbell & Co.*, Newark

Holds Annual Summer Party

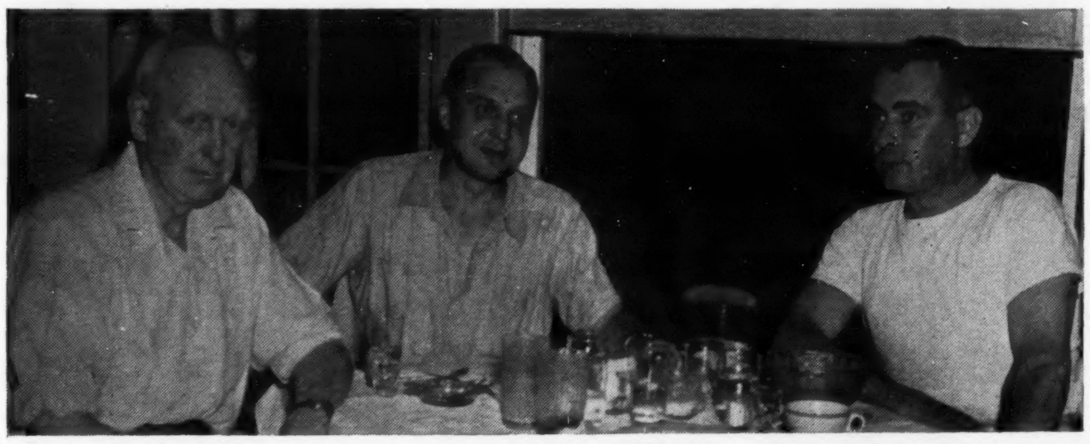
Donald K. Mackenzie, *Bank of America*, New York City; Richard D. Nelson, *Equitable Securities Corp.*, New York City; J. Kirk Hopper, *Equitable Securiteis Corp.*, New York City

Chester Bardsley, *Salomon Bros. & Hutzler*, New York City; Jim Duffy, *First Boston Corp.*, New York City; Ted Von Glahn, *Salomon Bros. & Hutzler*, New York City; Paul J. Mahoney, *Paul J. Mahoney, Inc.*, New York City



G. B. Underwood, *Irvington Trust Co.*, Irvington, N. J.; Thomas G. Kenyon, *Carteret Bank & Trust Co.*, Carteret, N. J.; Frank Allen, *Maplewood Bank & Trust Co.*, Maplewood, N. J.; Banks E. Moyer, Washington, N. J.

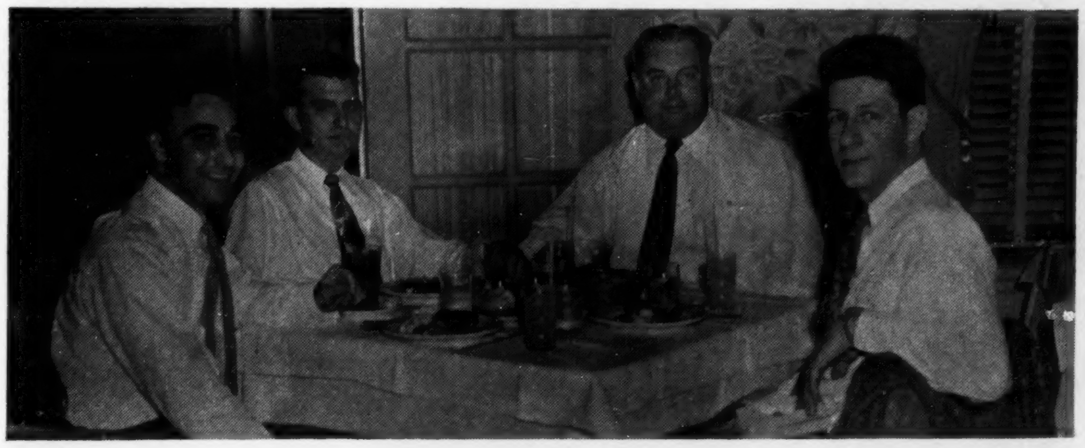
Charles E. Reed, *Keane, Taylor & Co.*, New York City; W. M. Farrar, *Smith, Frank & Co.*, New York; Robert M. Pyle, *Hornblower & Weeks*, New York; Robert W. Lane, *MacBride, Miller & Co.*, Newark, N. J.



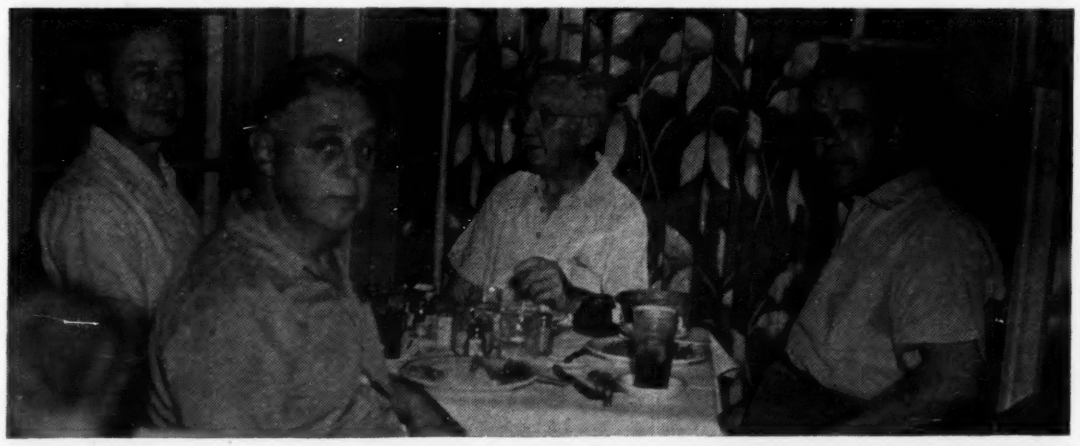
H. F. Graham, *Stone & Webster Securities Corp.*, New York; Walter Schumann, *Dolphin & Co.*, Philadelphia; Frank Cole, *F. R. Cole & Co.*, Newark

Arthur Robinson, *Fidelity Union Trust Co.*, Newark; Robert Swift, *Hemphill, Noyes & Co.*, New York; W. P. Wilson, *W. C. Langley & Co.*, New York City

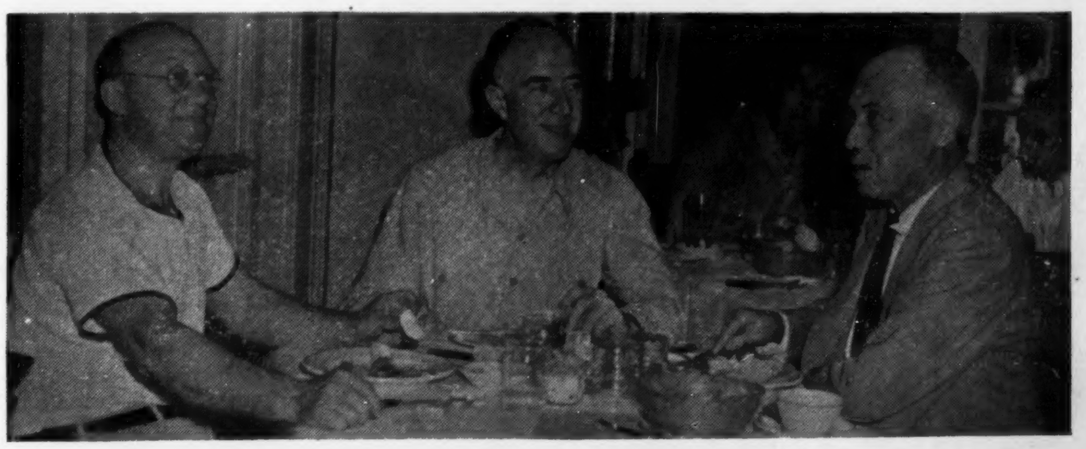
Hal Murphy, *Financial Chronicle*, New York; Harry D. Miller, *Nugent & Igoe*, East Orange, N. J.; John E. Parker, Jr., *Nugent & Igoe*, East Orange, N. J.



Ed Weis, guest; Joseph Cantlie, *Campbell & Co.*; Newark; Bill Roos, *MacBride, Miller & Co.*, Newark; Don Collins, guest

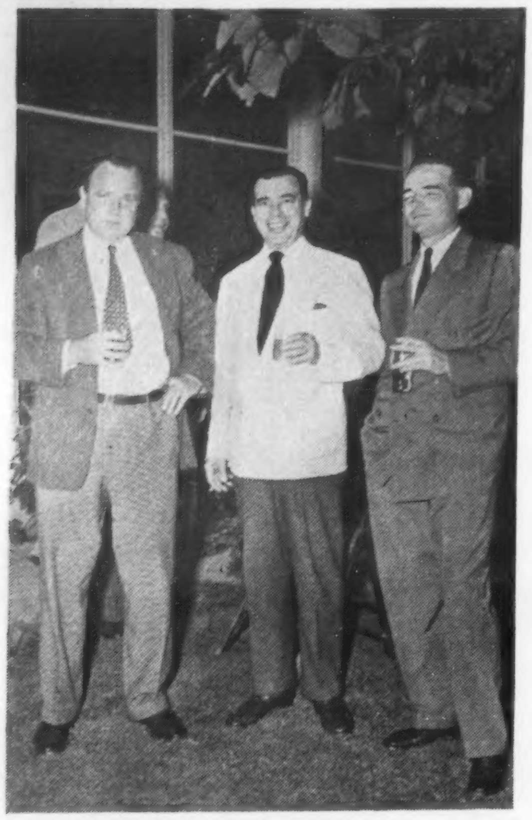


J. W. Press, E. W. Tallau, F. E. Quimby, and W. L. Maude, all of *Howard Savings Institution*, Newark

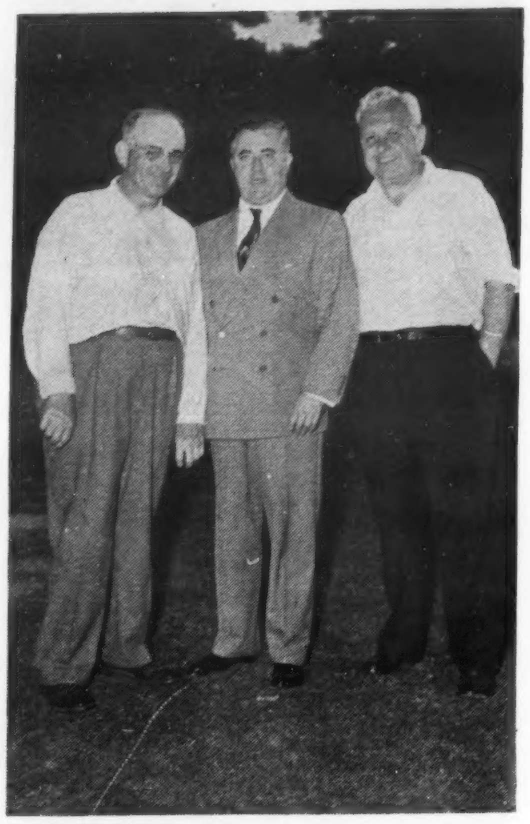


Cyrus Currier, *Mueller & Currier*, Newark; Julius A. Rippel, *J. A. Rippel, Inc.*, Newark; J. Ashley Brown, guest

Pronounced Huge Success



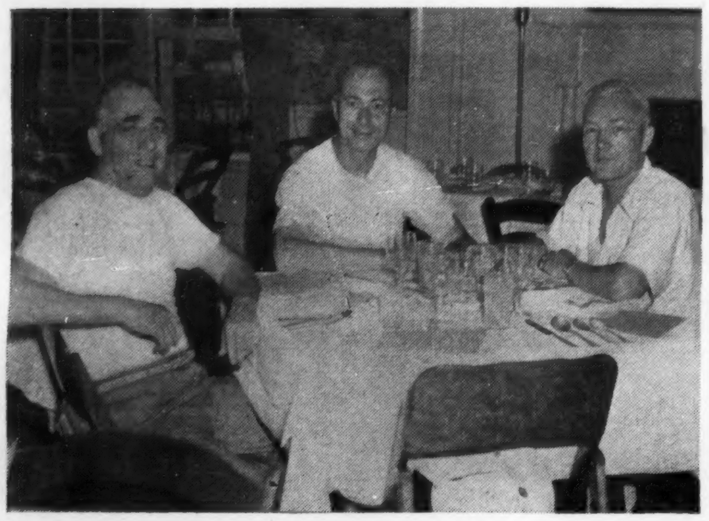
Davis Kales, *Commerce Union Bank*, New York City; Roger Phelps, *Campbell, Phelps & Co.*, New York City; Dick Rand, *Rand & Co.*, New York City



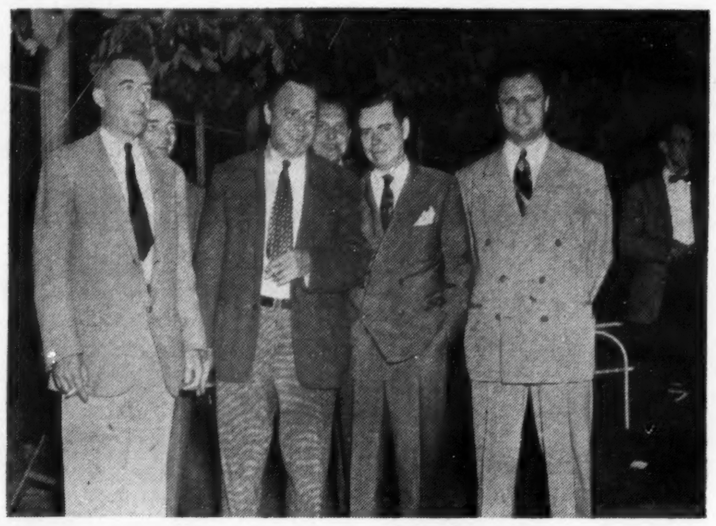
Foy Porter, *Estabrook & Co.*, New York City; John E. Manning, *Manning, Shanley & Co.*, Newark; R. H. Monaghan, Newark, N. J.

Herbert I. Shaw, *Vance, Sanders & Co.*, New York City; Harold Smith, *Collin, Norton & Co.*, New York City; O. D. Griffin, *Lord, Abbett & Co.*, New York City

Al Sanders, *Ira Haupt & Co.*, New York City; John Ryan, *Ryan & Co.*, Newark, N. J.

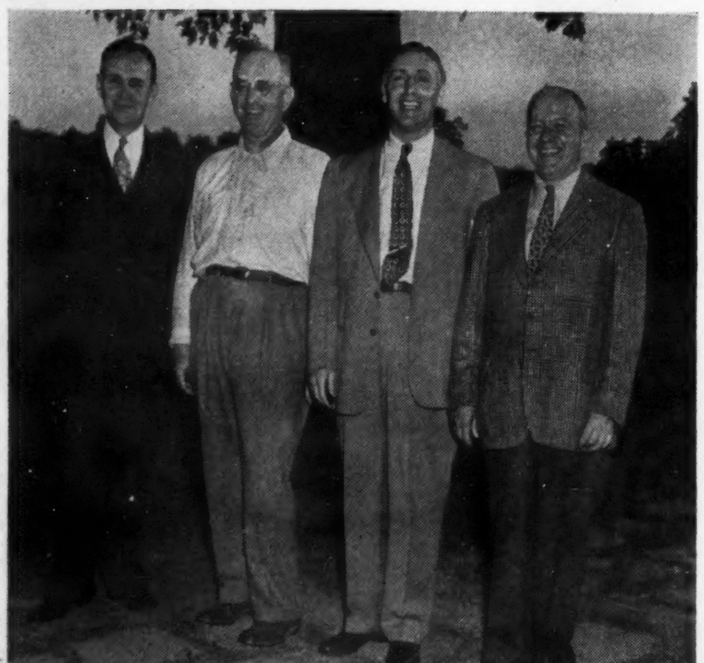


Russ Dotts, *Hess Blizzard & Co.*, Philadelphia; Walter Fixter, *Buckley Bros.*, Philadelphia; Halsey Brewster, *Ewing & Co.*, New York City

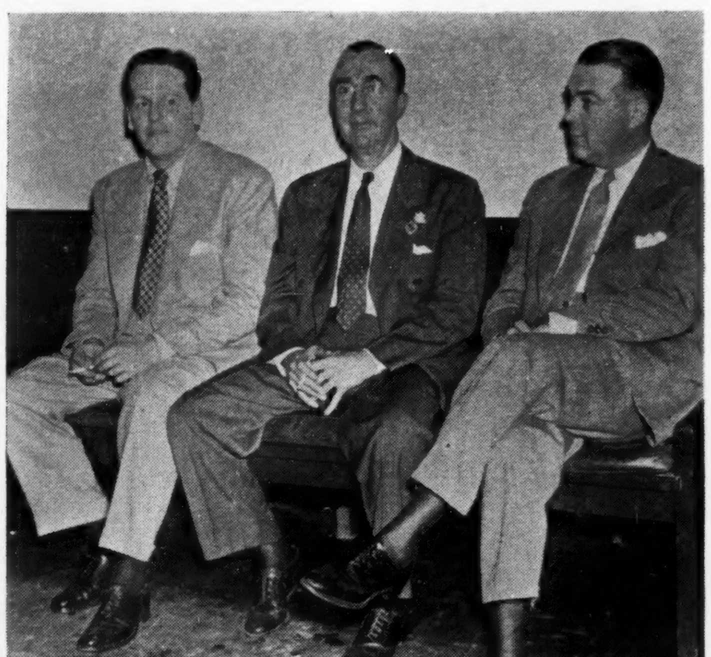


J. D. Topping, *Braun, Bosworth & Co.*, New York City; Davis Kales, *Commerce Union Bank*, New York City; R. A. Bivins, *Chase National Bank of New York;* Jack Clark, *Chase National Bank of New York*

Roald Morton, *The Blue List*, New York City; C. J. Waldmann, *Keane, Taylor & Co.*, New York City; E. A. M. Cobden, *Keane, Taylor & Co.*, New York City; Ludlow Van Deventer, *Van Deventer Bros.*, Newark, N. J.



Harry Faath, *Tripp & Co.*, New York City; Foy Porter, *Estabrook & Co.*, New York City; Henry Hegel, *Federal Trust Co. of Newark*, N. J.; Al Rice, *Laurence M. Marks & Co.*, New York City



Walter F. Coss, *B. J. Van Ingen & Co.*, New York City; J. E. Egner, *Clark, Dodge & Co.*, Newark, N. J.; Howard Dunning, *C. P. Dunning & Co.*, Newark, N. J.

John Schermerhorn, *Milliken & Pell*, Newark, N. J.; Ed. Hinckley, *J. S. Rippel & Co.*, Newark, N. J.; Ed Parmelee, *Granbery, Marache & Lord*, East Orange, N. J.